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TO

PRINT

THE
"CREDIT FONCIER,"

BY

G. B. DE BOUCHERVILLE,

ANNEXED TO THE

REPORT OF THE SPECIAL COMMITTEE

APPOINTED BY THE LEGISLATIVE ASSEMBLY,

3rd MARCH, 1863,

TO ENQUIRE INTO THE EXPEDIENCY OF ESTABLISHING IT IN
LOWER CANADA.

Printed by Order of the Legislative Assembly.



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REPORT

Of the Select Committee appointed to enquire into the expediency of establishing a "Landed Credit System" in Lower Canada.

LEGISLATIVE ASSEMBLY,
3rd March, 1863.

Resolved, That a Select Committee, composed of Messieurs de Boucherville, Desaulniers, Joseph Dufresne, Alexandre Dufresne, Laframboise, Sylvain, Mongenais, Kierzkowski, Daoust, Caron, and Labreche-Viger, be appointed to take into consideration the expediency of establishing a System of Credit Foncier in Lower Canada, with a view of affording aid to the agricultural classes, and the best means to be adopted to ensure its successful operation; with power to send for persons, papers and records, and to report from time to time by Bill or otherwise.

Attest,

WM. B. LINDSAY,
Clerk, L. A.

18th March, 1863.

The Committee appointed to take into consideration the expediency of establishing a "System of Landed Credit" in Lower Canada, for the purpose of coming to the assistance of the agricultural class, &c., &c.,

Have the honor to present to Your Honorable House their First Report:—

Your Committee, immediately after organization, lost none of the time at their disposal in arriving as speedily and as surely as possible at some practical and advantageous result.

Your Committee, in the first instance, took advantage of the studies and general knowledge of several of its members.

After some discussion as to the plan of proceedings to be adopted, Your Committee entered upon the consideration of projects submitted by Messieurs Alexandre and Joseph Dufresne. If their propositions have not been adopted by Your Committee, they have, nevertheless, been of considerable service in the elaboration of the plan now submitted.

The third proposition, which is by far the most important one, and which Your Committee have examined and studied, is that of Mr. George de Boucherville.

The information obtained by that gentleman is of the highest importance. It was collected by him on the spot, during his visit to Europe last summer. By studying the works of the best authors, and by communicating personally with individuals intimately connected with the working of the Landed Credit Institutions in Europe, Mr. de Boucherville has acquired that extended and ample knowledge of the subject which he now possesses.

The work of Mr. de Boucherville, which is in reality merely an amplification of his evidence, is so interesting and is so applicable, that Your Committee have considered it proper to annex it to their Report. Moreover, a work of this nature is of the greatest necessity at a time when the whole country is excited with regard to this subject, and when public men are called upon to act either in favor or against the proposed system.

The subject of "Landed Credit" has been considered to be of such vast importance

that Your Committee considered it to be their duty to neglect no means by which its principles should become known to all those who take an interest in the welfare and prosperity of the most important class of our community.

Your Committee have become more and more convinced, both by discussion and study, that the establishment of a Landed Credit Bank is one of the best measures which could be adopted to relieve the agricultural class from the state of embarrassment in which it now finds itself.

Finally, Your Committee, after lengthy and serious deliberation, have arrived at the following conclusions:—

Resolved, That it has become necessary, in the interest of the agricultural class, to establish a Landed Credit Bank.

Resolved, That this bank shall be called the Landed Credit Bank of Canada.

Resolved, That the object of this bank should be to loan money, on mortgage only, at long dates, with a sinking fund.

Resolved, That the bank should have the power of issuing notes for double the amount of its paid-up capital, and for an amount equal to the bonds (*lettres de gage*) which it may negotiate.

Resolved, That the subscribed capital of the bank should be "one million of dollars," and it should be permitted to commence operations on the payment of one-tenth of that capital.

Resolved, That power should be granted to the bank to ascertain accurately the existence of secret or unknown incumbrances, and to clear them off easily and economically, at the same time protecting third parties.

Resolved, That power should also be granted to the bank to collect promptly its just claims.

The whole, nevertheless, respectfully submitted.

L. L. L. DESAULNIERS,
Chairman.

COMMITTEE ROOM,
Tuesday, 3rd March, 1863.

IN COMMITTEE ON ORDER OF REFERENCE No. 4.

PRESENT

Messieurs DE BOUCHERVILLE,
JOSEPH DUFRESNE,
ALEXANDRE DUFRESNE,
LABRECHE-VIGER,
DESAULNIERS,
DAOUST,
CARON.

The Order of Reference having been read,

It was moved by Mr. de Foucherville, seconded by Mr. Daoust, that Mr. Desaulniers do take the Chair.—*Carried*.

After some discussion, the Committee agreed upon the following definition of *Credit Foncier*.

"We understand the term *Credit Foncier* to mean a monetary institution which loans money to proprietors of land on mortgage, at long dates, and with a sinking fund."

The Committee then adjourned until to-morrow at 10 o'clock A.M.

Wednesday, 4th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs J. DUFRESNE,
ALEXANDRE DUFRESNE,
LABRECHE-VIGER,
DAOUST,
CARON,
KIERZKOWSKI,
SYLVAIN,
MONGENAIS,
LAFRAMBOISE.

Moved by Mr. Labreche-Viger, seconded by Mr. Laframboise, and resolved :

That Mr. Alexandre Dufresne be requested to explain to the Committee his plan for the establishment of a Landed Credit Institution.

In accordance with this request, Mr. Dufresne explained his views on the subject, and what he considered to be the best means to adopt in establishing a Bank of Landed Credit.

After some discussion in Committee, it was moved by Mr. Laframboise, seconded by Mr. Caron, and resolved :

Ordered, That George de Boucherville, Esquire, Advocate, of St Hyacinthe, be summoned by the Clerk to appear before the Committee on Tuesday next, the 10th March instant, at 10 o'clock in the forenoon, and that he be prepared to produce all papers, notes and documents which he may have in his possession on the subject of Landed Credit, in order that they may be submitted to the Committee.

The Committee then adjourned until to-morrow at 10 o'clock A.M.

Thursday, 5th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs JOSEPH DUFRESNE,
ALEXANDRE DUFRESNE,
LAFRAMBOISE,
SYLVAIN,
KIERZKOWSKI,
DAOUST,
CARON,
LABRECHE-VIGER.

The Committee having debated for some time upon the different plans of Landed Credit proposed to them, it was unanimously

Resolved, That Messrs. Joseph and Alexandre Dufresne be hereby requested to prepare an analysis of their plans of Landed Credit, to be submitted to the Committee at its next meeting.

The Committee then adjourned to Tuesday next, 10th March instant, at 10 o'clock A.M.

Tuesday, 10th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs **LAFRAMBOISE,**
CARON,
ALEX DUFRESNE,
LABRECHE-VIGER.

The Order of the Committee of the 4th inst., summoning Geo. de Boucherville, Esq., to appear before the Committee this day, having been read, and the said Geo. de Boucherville not appearing,

The Committee adjourned until to-morrow at 10 o'clock A.M.

Wednesday, 11th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs **DAOUST,**
JOSEPH DUFRESNE,
ALEXANDRE DUFRESNE,
LAFRAMBOISE,
KIERZKOWSKI,
CARON.

In obedience to the Order of the Committee, Geo. de Boucherville, Esq., appeared before it, and, at the request of the President, commenced an explanation of his plan for the establishment of a Landed Credit Institution. Having listened to him for some time, and having debated upon the subject, the Committee ordered his reappearance, to continue his explanations on the subject of Landed Credit.

The Committee then adjourned until to-morrow at 9½ o'clock A.M.

Thursday, 12th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs **JOSEPH DUFRESNE,**
ALEXANDRE DUFRESNE,
LAFRAMBOISE,
MONGENAT,
DAOUST,
CARON,
LABRECHE-VIGER.

Mr. de Boucherville is again heard on the subject of Landed Credit.

The Committee having discussed the subject at great length, decides that Mr. de Boucherville be requested to submit his plan of Landed Credit in writing at the next meeting of the Committee.

The Committee then adjourned until to-morrow at half-past nine o'clock A.M.

Friday, 13th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs DAOUST,
ALEXANDRE DUFRESNE,
LAFRAMBOISE,
SYLVAIN,
MONGENAI,
KIERZKOWSKI,
CARON,
LABRECHE-VIGER.

In accordance with the Order, Mr. de Boucherville laid before the Committee his plan of Landed Credit in writing. It was then discussed, and modified as follows :

The system of Landed Credit to be established in this country shall be called "The Landed Credit Institution of Canada;" its subscribed capital shall amount to one million of dollars.

The Institution shall be authorised to commence operations, as soon as one hundred thousand dollars shall have been subscribed.

It shall have the power of issuing bonds (*lettres de gage*) for the amount of mortgages (*obligations hypothécaires*) in its possession; it shall have the power of putting in circulation notes to the amount of double its capital, and to the amount of bonds (*lettres de gage*) which it may have negotiated.

Loans shall be made at long date; there shall be a sinking fund, and one per centum shall be charged for cost of management.

The rate of interest claimed from the borrower shall be the same as that paid by the institution.

The principal place of business shall be decided upon by the majority of the shareholders; branch agencies may be established; the institution shall have the power of paying annually a certain proportion of its bonds (*lettres de gage*) and the selection shall be made by lottery (*tirage au sort*.)

The institution may grant a premium to the first numbers that issue, and it shall possess the right of clearing off mortgages to secure priority (*droit de purge*.)

Some discussion having arisen on the latter proposition, it was deferred till the next day, to be then discussed again.

Ordered, That Mr. DeBoucherville do appear before the Committee to-morrow at half-past nine o'clock, A.M.

The Committee then adjourned.

Saturday, 14th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs DAOUST,
ALEXANDRE DUFRESNE,
JOSEPH DUFRESNE,
LAFRAMBOISE,
SYLVAIN,
MONGENAI,
KIERZKOWSKI,
CARON.

Mr. de Boucherville being present, the Committee resumed the consideration of the

proposition to grant to the institution (*le droit de purge*) "the right of clearing off mortgages to secure priority." This was discussed at length, and finally adopted.

The reading of Mr. de Boucherville's plan of Landed Credit was then continued as follows:—

Loans shall not be in excess of one-half the value of the property; the *minimum* of loans shall not be less than one hundred dollars; the institution shall possess (*droit de gage*) privileged claim, on the crops of the borrower for the arrears, the annuity then next due and *intérêts moratoires*; it shall have the power of naming arbitrators; it shall also enjoy the right of *exécution parée*, (privilege of proceeding without judgment); no opposition shall be authorised except for payment; the amount of the debt may be claimed in the event of non-payment or deterioration in the value of the property; the cost of judicial sales shall be added to the debt.

The Committee having discussed the said plan for some time, deferred its further consideration to Monday next.

Ordered, That Mr. DeBoucherville do again appear on that day.

The Committee then adjourned until Monday next, at 10 o'clock, A.M.

Monday, 16th March, 1863.

THE COMMITTEE MET.

PRESENT :

MR. DESAULNIERS, PRESIDENT.

Messieurs DAOUST,

ALEXANDRE DUFRESNE,

JOSEPH DUFRESNE,

LAFRAMBOISE,

MONGENAIS,

KIERZKOWSKI,

CARON.

Mr. DeBoucherville again appeared before the Committee

The Committee resumed the consideration of his plan of Landed Credit, and having read it and again discussed its details, arrived at the following conclusions:—

Resolved, That it has become necessary in the interest of the agricultural class to establish a Bank of Landed Credit.

Resolved, That the said institution should be called "The Canada Landed Credit Institution."

Resolved, That its object shall be to loan money on mortgage only, at long date, and with a sinking fund.

Resolved, That it shall have the power of issuing notes to the extent of double its paid-up capital, and up to the amount of *lettres de gage* which it may negotiate.

Resolved, That its subscribed capital shall be One million of dollars, and it may commence its operation on the payment of the tenth part of its capital.

Resolved, That it should possess the power of ascertaining the existence of secret or unknown incumbrances, and of clearing them off early and economically, at the same time protecting the rights of third parties.

Resolved, That it should also have the power of exacting in a speedy manner payment of all claims which may be justly due.

Ordered, That the Chairman do report the proceedings of the Committee and the said resolutions to the House, as a principal basis upon which a Landed Credit Institution may be founded, and that the interesting work of Geo. De Boucherville, Esquire, containing his evidence, and the information furnished by him to the Committee on this subject, be annexed as the Appendix to the said Report.

The Committee then adjourned.

THE SYSTEM OF CREDIT FONCIER,

BY

G. B. DUBOUCHERVILLE

AN Institution, for the first indication of whose existence we must go back to the last century, and the first trial of which was made in the year 1770,—has been so well developed in Europe, that there are but four Governments under which it has not been put into operation. Two of these have sent Commissioners to study the question specially, with the view of its speedy introduction within the limits of their jurisdiction. This institution is the *Credit Foncier*. What is this of which so much has been said on this side of the Atlantic, and which has conferred so much benefit on the people of Europe; which, after having been submitted to the most severe tests that any financial institution can be compelled to undergo, has passed unscathed through the serious crisis and frightful disasters which spread over Europe after the upheavings of the French Revolution and the wars of the Empire, and which now finds itself stronger, more vigorous and more prosperous than ever?

The *Credit Foncier* is merely a financial institution, a Bank, which rests upon the security of the soil, the main source of all wealth, and which offers this same soil as debtor to the capitalist, who becomes creditor. As a guarantee of interest and capital, it offers the labor of the agriculturist, whose means of improving his land are doubled by the funds placed at his disposal by the Bank.

It is a substitution, through the agency of this Banking institution, of the credit of the soil for the present credit of the agriculturist, and it is effected by the soil itself.

The *Credit Foncier* is no longer an institution which is on its trial in Europe. It is no longer in its infancy. Its principles and basis are well known, and they are universally the same. Some difference may occasionally be remarked, but this is in matters of detail, which have been introduced to suit the peculiar habits and customs, or the special laws of different countries.

The *Credit Foncier* is known under different titles: the institution is called "Agricultural Bank," "Mortgage Bank," either "*Banque Hypothécaire*," or "*Caisse Hypothécaire*," "Proprietors' Bank," "Association of Borrowers," "Association of Lenders on Mortgage," &c., &c. All these institutions are worked upon the same principle, have the same object in view, and use the same means to procure the capital required, which they then offer to the proprietors of the soil. In each and all it is the soil, the land itself which acts as the principal agent; it is that soil which gives its credit, and certainly none could be better. But if it is the best kind of credit, why does not the proprietor himself use it to procure the capital which he requires, and which for this reason he should be able to procure on better conditions, while it is notorious that the farmer is always obliged to pay a higher rate of interest than the trader, the latter not having as good security to offer as the former? It is this anomaly which induced serious men to study this phenomenon. Their studies enabled them to discover its cause; when they had found this cause, they sought the means of remedying it, and they have found it. The result of these studies is well known; the institution was productive of great benefit in all the countries in which it

was established. It is these studies and their results which it is important to understand. It is this which I purpose examining in the present work.

On the 7th November, 1862, I made a preliminary report to the Central Committee then sitting at St. Hyacinth, in which I treated of the several Landed Credit Institutions which are in operation in Europe, with their organization and the manner of working them. I now purpose entering into a more ample consideration of the question, which I merely pointed out in my preliminary report.

PRODUCTION OF WEALTH.

There are three general principles which unite in the production of wealth: these are Labor, Capital and Trade. All three hail from a common source,—the activity of man; but their mode of action differs.

Political economists assert that the term labor may be divided into productive and unproductive labor. Productive labor is that which gives to any particular article a degree of utility from which an exchangeable value may be realized, equal to or greater than the value of the labor expended. Labor is productive when the use or service which is its natural result gives an exchangeable value, although this use or service may cease to exist so soon as produced. The labor of the agriculturist, the tradesman, the artisan, the trader and the banker, is the principal source of wealth; but we must not forget that although manual labor is necessary, the labor of the brain is not less important under many circumstances in the assistance and direction of the former. Watts, Fulton, and many other inventors are examples of this. Unproductive labor is that which does not produce any value.

Capital is the product of accumulated labor. The agriculturist who uses agricultural implements in the improvement of his farm, makes use of articles which he has purchased out of his previous earnings; this is his capital, whether he purchased these implements with money, or acquired them in any other manner, they represent work previously done, the value of which he has preserved and accumulated. Productive capital is that which affords a revenue susceptible of accumulation, which can reproduce capital in its turn.

Unproductive capital is that which cannot produce any revenue.

Commerce is the traffic and exchange of the fruits of labour, industry, and capital. Thus not only does the farmer who ploughs his field and takes in his crops, produce; not only is the manufacturer who makes cloth out of wool, or who uses the raw material with which he fabricates other articles, a producer, but the capitalist who furnishes stock and tools, &c., to these different branches of industry, and who thereby lightens the labours of others, is also a producer; and the banker who doubles his capital by a proportionate emission of paper bearing his signature is also a producer. Manual labour, capital, commerce, manufactures, exchange or bank operations are all different modes of production. Capital, taken in its most extended sense, means everything which can be disposed of, and which has a value. But as all articles are fixed at a comparative value according to the sum of money which can be obtained for them, the name of capital is generally replaced by the term money.

Labor produces capital: this capital in turn, when placed at the disposal of the laborer, is reproduced with increased power. J. B. Lay writes: "The attributes of capital are to furnish advances to the different branches of industry; where it is used, in order that it may re-appear in different forms; and so on eternally, provided that the same capital sum is used with sufficient ability to cause its constant revival, with a view to its further use for the purpose of reproduction. In other words, capital is a sum of a certain value specially set apart for the purpose of making advances to assist production."

It is not in all cases the owner of capital who employs or uses it directly to effect reproduction; frequently, and in the greater number of cases it is the borrower who pays for the use of this capital a certain amount per annum which is termed *interest*. If the use which the borrower may have made of this amount, produces for his benefit a profit in excess of the amount of interest which he has had to pay, the transaction is one to his advantage.

There are certain branches of industry which, by the celerity of their operations, reproduce in a short time the value of the capital which they have employed; in this case,

those who may have used the capital are in a position to loan money at short dates and are able to meet their engagements with ease. Traders are of this class.

Some branches can only reproduce the capital employed after some months. There are also other branches of industry which, from the nature of their operations, never reproduce the capital employed in a stipulated sum or amount, but only by a gradual annual increase of production. In this category we may place the use of capital in the development of agriculture. The soil gives up its produce at certain stated periods each year; the operation is slow but may be gradually accelerated in such a manner as to reproduce annually a portion of the capital invested over and above the interest. This is as much as can reasonably be expected, particularly in cold climates where vegetation is not so luxuriant as in tropical climates. He who contracts a loan has two things to take into consideration: whether he can realize the capital to reimburse it at maturity, and the interest which he is obliged to pay, is not more than the profit which he can derive from his loan.

It is easier to borrow at short date than at long date; particularly when the rate of interest is high, and when capital is not abundant in the country.

Traders and manufacturers, whose transactions enable them to realize their capital promptly, easily obtain accommodation at the banks. The same facility is not obtainable by those who require to borrow at long dates, and much less by the agriculturist, who can only manage to reimburse the capital of any loans he may contract by fractions payable annually.

CREDIT ON MORTGAGE.

(*Crédit Hypothécaire.*)

Although the security offered by the agriculturist, by means of a mortgage on his property, is undoubtedly of a more solid nature than a personal guarantee, it is a positive fact that his credit is less secure, and he is never able to borrow at a rate of interest as favorable as that at which the trader can effect a loan.

In the Report of the Commission appointed by the French Government to consider the question of "Reform in the System of Mortgages and the Landed Credit System" (*Réforme hypothécaire et Crédit Foncier*), presented to the National Assembly of France on the 29th April, 1851, we find it alleged, that "all parties agree in the opinion above enunciated." "That of all the kinds of material security which can be furnished to the lender, landed security based upon mortgage is the most solid and most undoubted, provided always that the value of the immovable mortgaged bears a fair comparison with the figure of the loan. It is equally an established fact that in France, capitalists have a natural propensity for investments by mortgage, and prefer them to all other investments—even to investments in public securities. From these two general facts, the natural result would seem to be, that the proprietor who consents to give a mortgage upon his immovable property should be enabled to find with certainty the capital which he requires on the most favorable conditions which the general state of credit in the country would justify. It is certain, nevertheless, that even in the most prosperous times, when capitalists were satisfied with a revenue of 4 and even 3½ per centum by investing in the funds, when even the best commercial paper was discounted under that moderate rate of interest, the proprietors of immovables were compelled to pay at least 5 per cent. per annum, and the rate was always much higher, in spite of the prohibitions and penalties which legislation seemed to enact uselessly against usury. The Minister of Agriculture and Commerce in a memorandum upon which he based his projected law, concluded that the annual rate of interest paid in France for the use of capital loaned on mortgages, may be fairly estimated at from 9 to 10 per centum per annum.

In the Court of Inquiry organised by the *Conseil d'Etat*, M. de la Chaume, Notary, of Paris, estimated the rate of interest on loans on mortgage in Paris at six per cent., exclusive of costs. Mons. de Mornay, Inspector General of Agriculture, considers seven per cent. a general average. M. Benoist d'Azy, one of the Vice Presidents of the National Assembly, mentions six to seven per cent. (costs included) as an average rate, in the best financial seasons, and on the most favorable conditions. M. Silry, Manager of the Mortgage Bank (*Caisse hypothécaire*), states that in some departments in the vicinity of Paris, loans on mortgage are effected at nine per cent.

We submit a recapitulation of the replies given by the General Departmental Councils in France, to the questions submitted to them in 1845 with regard to Agricultural Credit.

1st Ques. Is agriculture now in a position to borrow easily capital which is required to be devoted to useful works of improvement?

Sixty-seven Departments furnished replies.

Forty-five General Departmental Councils replied in the negative; two of these establish a distinction between the credit afforded to graziers and that given to ordinary farmers. Graziers, owing to a prompt realization of their profits, are enabled to borrow without difficulty. Nine General Councils replied in the affirmative, admitting, however, that the rate of interest is high, and that the loan is generally followed by the expropriation of the borrowers; seven General Councils replied in the affirmative, but simply stating certain special cases; five General Councils replied in the affirmative, but declared that the amount of the loans is not used for agricultural purposes; four General Councils declared that the loans were effected for the purpose of acquiring property.

2nd Ques. At what rates and by what means do agriculturists procure the use of capital?

Sixty-one General Councils replied.

Fifty-seven Councils declared that agriculturists always borrow at a rate in excess of the legal rate, either by agreements of a usurious character, or through the costs entailed by the agreement. Among these Councils, 11 complained of usury in loans for agricultural purposes, without giving details; two state the rate of interest, including with the nominal rate, the cost of contract and renewals, at from 12 to 22 per cent.; one from 12 to 15 per cent.; two from 10 to 12 per cent.; 12 from seven to 10 per cent.; five from seven to eight per cent.; five from six to eight per cent.; 17 from six to seven per cent. One Council states that the rate of interest on loans for one year is 15 per cent., for two years 10 per cent., for three years 8 33-100 per cent., for four years 7 40-100 per cent.; three Councils replied that money can be borrowed at five per cent., but they omit the consideration of costs; one Council alone declares that, with costs, money can be borrowed at from five to six per cent.

3rd Ques. What is the general term of loans contracted for agricultural purposes?

Fifty-five Councils replied.

Seven Councils replied that loans are generally effected at short date, without determining any particular limit; four Councils state that all loans are effected to be reimbursed within the year; 17 Councils replied that all loans contracted on notes vary from three months to one year.

With regard especially to loans on mortgage, six Councils limit the duration of loans to one year; two from one to two years; two to two years; one from one to three years; one to one year to the smaller class of farmers, three years to others; one to two years for loans under 1000 francs, four years in excess of that amount; five from two to five years; four to three years; three from three to four years; three from one to five years; 11 from three to five years; two to five years; one from six to eight years; one from five to ten years; one to one year for inhabitants of the mountains, 10 years for inhabitants of the valleys.

4th Ques. By whom is the capital used for agricultural purposes loaned, and through what medium is that capital furnished?

Councils replied.

Eleven Councils stated that the capital required for agricultural operations is generally furnished through bankers and notaries; two Councils mention the intervention of Swiss capitalists; one Council states that in towns, the savings of workmen and servants are loaned to agriculturists through notaries; they withdraw their funds from the savings banks in order to obtain higher rates of interest; one Council mentions the Mortgage Bank of Marseilles; some other Councils replied that a notary generally acts as a medium between the capitalist and the borrower, and that it is impossible to ascertain the source from whence the capital is obtained.

5th Ques. How are these loans generally repaid? Do any difficulties arise in the operation, and what are they?

Twenty-seven General Councils replied.

Twenty-five Councils replied that in all loans on mortgage the repayment must be in full; that frequently at maturity, it is either very difficult or impossible to accomplish that payment, and the borrower is therefore compelled to resort to costly renewals, transfers of amounts due him, and sometimes his inability to pay is followed by expropriation and ruin; two Councils mention the existence of institutions useful to agriculture, which permit the reimbursement of the amount of loans by the payment of annuities. One of these states that even the payment of annuities was frequently impossible, and the ruin of the proprietors who had borrowed was equally the result; four Councils find that reimbursement is not at all difficult; eight Councils denounce in strong terms the abuses of the system of sales with right of redemption, (*vente à réméré*). One of them remarks that "sale, with right of redemption," *vente à réméré*, is a system adopted by usurers to despoil victims of their property,—the sale being generally made at a figure much smaller than the actual value of the immoveable.

6th Ques. In which way would it be possible to improve upon the actual condition of agricultural credit?

Sixty-nine Councils replied.

Three Councils were averse to facilitating loans to agriculturists; 46 General Councils recommended a reform of the mortgage system; 36 Councils advised the establishment of agricultural banks; two Councils were opposed to the German Bank system in particular: one Council was of opinion that the time had not yet arrived for the establishment of similar institutions in France; 16 Councils prayed for the abolition of registration taxes or their reduction to a fixed rate on loans on mortgage; ten Councils were in favor of revising the law relating to expropriation and the re-enactment of execution without judgment, (*voie parée*); six Councils asked for the repeal of the law of 1807, which relates to the rate of interest; six Councils asked for a reduction of the taxes on landed property; four recommended the establishment of Insurance Companies by the State, to provide against agricultural losses; two Councils asked for power to transfer mortgage titles by simple endorsement; three others were strongly opposed to this mode of transfer.

Before the establishment of Landed Credit Institutions, with regard to the credit of the trader compared with that of the farmer, nearly the same condition of affairs might be found to exist in all countries. The effect produced by these institutions, where they have been put into operation, has invariably been the reduction of the rate of interest to a figure which could be fairly borne by the resources of agriculture.

I shall merely repeat the reasons of the reduction in the rate of interest paid by the agriculturist since the establishment of Landed Credit Institutions. They have been discovered for some time.

The Report already quoted says: "The true cause, the original cause of the existing evil, is in the very small and doubtful security which mortgage investments offer to capitalists. He who loans on mortgage is not certain of being paid. Whatever precaution he may take, he must always be in dread of secret incumbrances, which he has been unable to discover, and which suddenly appear to endanger the capital which he has invested. However secure his investment may apparently be, he may rest assured that he will only realize at maturity if his debtor should be willing to act in good faith, and this is a quality seldom found in that class.

"If there should happen to be any hesitation on the part of the debtor, or if his affairs are complicated, the costs of expropriation or other legal proceedings, and the delay caused by such proceedings, create a long interval between the actual maturity of the loan, and the reimbursement of the amount loaned. From this results want of confidence in such investments, and a dread is created which naturally tends to increase the rate of interest. The want of punctuality in the payment of arrears is added to the uncertainty of recovering the capital. This want of punctuality, frequently inevitable when a debtor is involved, has become as it were a fixed habit, even with the most solvent debtors. This is an additional cause of mistrust on the part of the lender, and is a fresh reason for demanding a higher rate of interest. The cost of notarial deeds, which is par-

ticularly felt in small transactions, is another cause of discredit. When it becomes necessary to recur to expropriation, new expenses have necessarily to be incurred, and the recovery of the debt is as it were indefinitely postponed. A graver inconvenience arises from the fact that the lender, when he requires his capital before maturity, is at a loss to find a grantee or party to whom he can transfer his claim, unless he submits to a sacrifice. Moreover, the transfer entails new and onerous costs; mortgage claims are in this respect so difficult to negotiate, that large amounts of available capital, are from preference otherwise invested. But it is not sufficient to re-assure the creditor with regard to the nature of the security which is furnished to him, and the ease with which he can realize upon it; it is also necessary to see that the obligations of the borrower bear a just proportion to the amount of his resources; and this result can only be attained in two ways: firstly, that the rate of interest should at least be as near to the average current rate as possible; secondly, that a certain long period of time should be granted to the borrower to re-imburse a capital which has become absorbed, and the payment of which in full, if promptly required, would be extremely injurious to his prospects. Instead of this, it would be well to substitute the power of repayment by instalments in the form of annuities in a gradual scale, which would be imperceptibly felt in the discharge of the annual interest.

"This is not all: it is a notorious fact that capital which seeks investment on mortgage is unequally distributed—abundant in some localities, rare in others; this inequality is frequently found to exist to the detriment of the interests of the rural population and of the numerous proprietors who till the soil at a distance from the great industrial and commercial centres. The result of this isolated condition, of this mutual ignorance of respective means and requirements, is, that capital is uselessly offered at one point, while at other points it is urgently asked for."

In addition to the uncertainty of searches at the registry offices, even after the most careful examination of minutiae, there is still a risk of considerable expense. All these reasons, with others, which a careful examination of titles to immoveable property will disclose, easily account for the difficulties experienced by the agriculturist in obtaining loans on favorable conditions. Although he offers the best security, he is compelled to borrow at an exorbitant rate of interest, and on the most disadvantageous conditions.

This uncertainty in mortgage investments has naturally induced inquiry, with the view of discovering a remedy. "It was important to reestablish in the minds of the lenders some confidence in the security offered them. This could only be accomplished by legislation which would permit the discovery, without possible error, of all mortgages, rights, titles and claims which might be presented against the immoveable offered as security by the borrower. This was called 'Reform of the Mortgage System' (*La Réforme du régime hypothécaire*). This reform, however, may require some years, and another plan was discovered. It is called 'the *Purge*' (discharge of mortgages). It is a simple, prompt, economical and efficacious way of establishing, without any doubt, the existence of any rights or mortgages, whether secret or unknown, which may still exist upon the property. It also furnishes the means of cancelling them."

This was the first step, but it was not all. The lender is not disposed to take much trouble: he does not feel prepared to enter into the details of the researches usually undertaken in the different offices to ascertain the existence of titles and their registration; and in addition to this, to take measures for the recovery of interest and capital as well as to institute legal proceedings, &c., &c. It therefore seemed to be important to discover an intermediate party willing to take charge of all the minute—numerous, but necessary—details which are inevitably involved. This intermediate power would have the advantage of being the centre of operations, at which both lenders and borrowers would meet; it would act as a beacon by which would be guided persons having money to loan, and persons wishing to borrow on mortgage. This legal intermediate power already existed in banking transactions; these institutions, by their nature and mechanism, admirably suited mercantile wants, but they could not extend their discounts to favor agriculture.

The idea of Commercial Banks gradually created the idea of Agricultural Banks; and the Landed Credit System was first established in Prussia, and then, step by step, throughout Europe. When it was first established in France in 1852, important enquiries were made by Government; men of great distinction gave their attention to it; and Com-

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missioners were appointed to take the question into consideration. In Paris, I found everything that could be learned with regard to these institutions; in the voluminous documents which have been published with a view of forming public opinion, I found everything which induces me to believe that no government can any longer ignore the existence of such institutions.

In 1845, the French Government published Mons. Royer's report. He was then Minister of Agriculture. All documents and information which he had obtained in his journey to the north of Europe and Germany, on the subject of Landed Credit institutions, were also published. In 1851, Mons. Dumas, Minister of Commerce and Agriculture, instructed Mons. Josseau to collect all documents that the Government had procured, which related to the same subject. In treating the question of the Landed Credit System, I shall refer to these several reports, as well as to more recent documents published on the subject. In important matters I shall quote freely from the originals.

HISTORY.

Mr. Diétréici writes: "Struensée, Prime Minister to Frederic II., accounts for the deplorable condition of agricultural credit after the peace of 1763, which followed the seven years' war, in the following manner:

1st. Many properties were completely destroyed, particularly those on which the armies had been encamped for a length of time. It is true that the soil still remained in existence, but everything necessary to give it value had completely disappeared; the farm buildings had been consumed; the cattle scattered about had died from starvation; working utensils were in a miserable condition, and the fields were either uncultivated, or in very bad condition. Under these circumstances the value of property had diminished by from 50 to 60 per cent., and when a proprietor still owed from 50 to 60 per cent. on the purchase price of his property, he was unable to pay the interest of his debt, still less to re-imburse the capital at maturity. A number of failures resulted, and the sequestration which followed increased the depreciation in the value of landed property, and brought discredit on that species of investment in the eyes of capitalists. The latter having no longer any confidence in the guarantee offered to them by legal registrations, suddenly demanded payment of all sums advanced by them to landed proprietors, and thus brought on a crisis of disaster and general perturbation.

2nd. During the war, proprietors had obtained enormous prices for their produce, and had paid both taxes and the interest on sums which they had borrowed in a kind of money called *tiers saxons*. These circumstances had enabled the class of small proprietors to keep up their position in spite of what they had to endure in requisitions, forays by cavalry, and the loss on their crops which were never permitted to come fully to maturity. But after the establishment of peace, everything suddenly changed; the price of grain was reduced; taxes and interest had to be paid in currency; and while the cost of labor did not diminish, the intrinsic value of money increased. Moreover, the high cost of provisions during the war had compelled these proprietors to increase their expenses; and as they continued on the same scale, their ruin seemed inevitable.

3rd. The high price of grain, and the spurious coin in circulation, had largely increased the value of property, but this increase was in reality purely nominal and fictitious; after the establishment of peace, there was a proportionate depreciation. The fortunes of proprietors could not suffice to meet this unforeseen reaction.

4th. Interest was irregularly paid after the declaration of peace: creditors received sums on account, and the credit of proprietors was completely destroyed.

5th. So long as spurious coin passed current, and while the presence of the army procured its circulation, money was plentiful, and those who possessed it loaned it at a moderate rate of interest. The hoarding-up of specie was not cared for, as its value was merely conventional at the time, so that during the war, proprietors could borrow it with facility, and pay the interest regularly; thus, their deplorable condition was, as it were, disguised or hidden. But, so soon as the troops left Silesia after the establishment of peace, when their pay was no longer expended there, and when the currency was reduced two-thirds in value; when capitalists required their money; when the citizen wished to rebuild his house; when the trader desired to increase his business; when a father wished either to establish his son for life, or to purchase a "*trousseau*" for his daughter, money was want-

ing for all these purposes; and the proprietors who found themselves in a critical position could no longer succeed in borrowing.

6th. It has been considered a settled opinion in Silesia, that an obligation legally guaranteed offered every security, and that in the worst circumstances, there could be no risk of losing the capital. In order to preserve their credit, proprietors were induced to grant registered mortgages (*inscriptions hypothécaires*) upon their properties, and when creditors insisted upon obtaining judicial registration, they produced the extract from the register showing the position of their property with regard to mortgages, which appeared in a very favorable light; but when legal proceedings were taken, the attention of all the creditors was awakened, and it was discovered that the proprietors were completely involved. Matters were in this state, when the large proprietors, whose position was still sound, formed an association for the purpose of borrowing money. They petitioned the King for certain special rights of seizure, by which they would be authorized to sue debtors in arrears summarily, and to take possession of their properties when the interest was not regularly paid. They also asked for authority to tax the properties on a uniform principle, in order to verify estimates. The provisional plan of this credit system sanctioned in July, 1770, dates from October, 1769. Silesia was then composed of 14 principalities, each one of which formed a separate board of management, and all these boards were placed under the direction of a General Provincial Board. The following was the fundamental principle of the system:—1st. To advance to each proprietor bonds representing half the value of his property; 2nd. To pay interest to the bearer of bonds of this description in cash, without any deduction, and regularly every six months; 3rd. To repay the capital on presentation of the bond after a regular notice of six months.

A grave error committed in the establishment of the first Landed Credit Institution was the omitting of the creation of a sinking fund. It thus happened that when the capital borrowed became due, the borrowers were unable to pay; and the Institution, which calculated upon the receipt of certain sums to pay its own liabilities, was compelled to resort to rigorous measures. General embarrassment proved the urgency of modifying the nature of loans. The King of Prussia was compelled to come to the assistance of the Landed Credit Institution, and that which, at the moment, seemed to render great disasters inevitable, produced the good effect of introducing the system of compulsory payment to a sinking fund, the only system by which both the Institution and the borrower can hope to arrive at an easy, certain and advantageous mode of operation.

Several Landed Credit Institutions were established in the following chronological order:—

Silesia	1770
Brandenburg	1777
Pomerania	1781
Hamburg	1782
Denmark	1785
West Prussia	1787
East Prussia, the New March, the Electoral March	1788
Lunenburg, 16th February	1790
Esthonia and Livonia	1803
Schleswig-Holstein	1811
Mecklenburg	1818
Grand Duchy of Posen	1822
Groningue	1823
Poland	1825
Halenberg	1825
Hildesheim	1825
Grubenhagen	1826
Duchies of Bremen and Verden	1826
Bavaria	1826
Wurtemberg	1827
West Friesland	1828
Electorate of Hesse-Cassel	1832

Westphalia	- - - - -	1835
Austria	- - - - -	1841
Hanover	- - - - -	1842
Saxony	- - - - -	1844
Switzerland	- - - - -	1840
Greece	- - - - -	.....
Belgium	- - - - -	1835
France	- - - - -	1852
Hesse-Darmstadt	- - - - -	1836
Spain, at an early date	- - - - -	.....
Italy, do	- - - - -	.....

The causes which led to the establishment of Landed Credit Institutions are the same in all countries, viz :—

- 1st. To clear property from the enormous debts which weigh upon it.
- 2nd. To obtain loans for farmers on easier conditions.
- 3rd. To develop the resources of agriculture.

The remedy has been to substitute the collective association for individual action.

Institutions of landed credit are divided into two groups. To the first class belong those created by borrowers, with or without the guarantee of the State, but always established under Government superintendence, and to a certain extent with its concurrence. The second group includes institutions which, while they serve the interests of borrowers, are intended to work principally in the interest of lenders. These are institutions founded and managed by financial companies, with or without the sanction of the State, but working under Government supervision.

ASSOCIATIONS OF BORROWERS.

The first Landed Credit Institutions were established by associations of borrowing proprietors. With few exceptions, nearly all these institutions are so constituted. Monsieur Royer remarks that they are agencies for loaning and borrowing money rather than banks. These institutions do not take advantage of the use of credit; they issue no notes, but merely bonds or "*lettres de gage*" which bear interest at 3, 3½ or 4 per cent. interest, the latter being the highest rate. These bonds are disposed of for cash, and are repaid in the same manner, by means of an annuity proportionate to the duration of the loan, and which thus replaces each half year a portion of the capital loaned on the well understood principle of a sinking fund, with compound interest. The object of these Credit Institutions is merely to assure to the lenders the payment of interest on their capital with the same regularity as it is paid on monies placed in the funds, and the repayment at par of the said capital at a stated time. The greater number of these societies give to the borrowers their bonds (*lettres de gage*), which are transferable without expense, and are negotiable on 'Change, in the same manner as consolidated securities (*titres de rente*), in favor of the bearer. Some societies borrow and lend cash. The reimbursement of amount of bonds is decided by the capital which the society has at its disposal at the end of each half-year.

Borrowers in arrears are sued and ejected summarily by first privilege in the name of the Association, without the lender having any trouble, and without his being able even to suspect that he is the real creditor of the ejected debtor. These associations charge neither commission nor *agio*; they cause neither modification nor disturbance in the financial system of the country which adopts them, because they create an active circulation of money, without any accumulation of funds at any particular point, and without creating any new monetary value.

Mr. Josseau writes that in Germany, all Landed Credit institutions are divided into two groups :—

One kind of institution is created and managed by the proprietors themselves, who form a joint stock society to enable them to borrow without any speculative object in view, but merely for the purpose of obtaining money at a cheaper rate with greater facilities for the repayment. The societies of Wurtemberg, Prussia, Saxony, Poland, Austria and Hanover are established upon that principle.

Another species of society has been organized in the interest of lenders as well as borrowers. They are established and managed by financial companies, who, in serving the interests of the landed proprietors, make at the same time some profit on their operations.

The Mortgage Bank of Bavaria and the Mortgage Bank of Brussels are on this principle. The establishment of the first group, or "Societies of Borrowers," may rather be called "Lending and Borrowing Agencies" than banks. They never issue notes; the only securities which they circulate, are bonds (*lettres de gage*). In some States, these bonds are handed to the borrowers, who have the privilege of negotiating them in the market. In others, the Society undertakes the negotiation of these bonds, and pays the borrower in money. This money is furnished by capitalists who invest their funds in the bonds of the "Crédit Foncier" Institution.

But whether they pay the borrower in money or in bonds, these institutions make no surplus profit. They are in the position of public officers, whose duty it is on the one hand to pay over to the landed proprietor, who contracts the loan, the amount which is due to him, and on the other hand to represent the capitalist who invests in stock, by carefully examining the nature of the security offered, and by taking proceedings against any defaulting borrowers. The Directors of the Institution dispose of the annual receipts by payment of the interest to holders of bonds, by the proper application of the sinking fund to the credit of each borrower, and the formation of the reserve fund; and they merely keep a sufficient balance to cover the cost of management.

The establishments of the second group, otherwise called "Societies of Lenders," (*Sociétés de Prêteurs*), have on the contrary the features of banking institutions. They possess a capital subscribed by Shareholders. By means of this capital, they are enabled, at the outset of their operations, to pay money to the borrower. That which distinguishes the latter from the former group, is that out of the annuity paid into the bank, a portion is reserved for the payment of interest, and even dividends to the Shareholders.

The latter kind of institution is the least in vogue in Germany.

"For a long time," Mr. Josseau adds, "we have manifested our preference for Societies formed by borrowers, such as those established throughout Germany, in which no accumulation of profits can possibly prevent the reduction of the rate of interest to the lowest figure; we also clearly perceived that from the impossibility of organizing an institution in France on the principle of unlimited mutual responsibility, the concurrence or sanction of the State became absolutely necessary in the formation of these Societies. We acknowledge that it was with this intention that the decree of 28th February promised a subsidy and a credit. But these expectations have not been realized. Even with the advantages granted, it was found that this kind of Society is not applicable to this country. We expected the formation of Societies of Borrowers; in their stead we have had Societies of Lenders. In spite of the exertions of Government during the past year to organize Societies of borrowers, but few applications for incorporation were presented, and the truth is that if protection had been exclusively granted to that kind of Society, everything would have been reduced to matter of form, and the decree would have remained unexecuted. We must conclude from this, that if we should consider these Societies as something ideal which may be realized at a future time, their combination was certainly not the best method to adopt in inaugurating the Landed Credit system in this country, and to force the first bonds (*lettres de gage*) into circulation." "Each borrower," says Mr. Royer, "is entitled to his share of the reserve fund, in proportion to the total sum borrowed by him during the whole duration of the loan. If he should make anticipatory payment, he receives his share then in hand, he also receives a sort of voucher which bears interest at 2½ per cent. for the amount of his probable share during the years which have to run between the date of his liberation and that at which he was obliged to pay his debt, if he had merely paid the annuity mentioned in his bond. This seems to be a puerile arrangement, and therefore bad. The day of his payment, he should cease to participate either actively or passively in the affairs of the institution.

It must be remarked, as a strange contrast with the financial habits of the French, that in Germany, Landed Credit Institutions are exclusively formed and managed by, and in the interest of, borrowing proprietors, without any further trouble as to that of the lenders than the obtaining all necessary guarantees, by means of which they are content

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to receive a very moderate rate of interest. Moreover, the lenders have no claim whatever upon the reserve fund which, in this country, they would expect to belong to them. In Wurtemberg this fund is the property of the borrowers, each in proportion to the sum borrowed and the date of his admission to the Association.

The rights and participation of the lenders, while attending all meetings of the Association, are limited to taking cognizance of all deeds which may interest them, and to giving advice upon all operations which they believe might affect the security of their investments. The borrowers are in reality the Directors, as may be seen by the Statutes.

The borrowers are, as we have already stated, the only Shareholders, managing the affairs and participating in the pecuniary profits of the Association. The latter is not an organization of capitalists formed with the view of obtaining advantage from landed property; it is, on the contrary, an organization of this landed property to contend advantageously against the exactions of capitalists.

The administrative functions of the borrowers are performed in a direct manner at the Triennial General Meetings, in the proceedings of which all the actual debtors of the Association have a right to take part. They also have the right of selecting delegates to represent them in the Committee of Management, which is selected at the General Meetings from among themselves. The Credit Association of Wurtemberg possesses this peculiarity: that, according to its laws, Article 124, when five members are elected to the Committee of Management by a majority of votes, at a General Meeting composed of at least 30 debtors to the Association, they can act, although not members of the Association. In the North of Germany, these Associations generally select their Managers from their own members exclusively, by election. At General Meetings the electors may be represented by proxy, but no person can possess more than two votes.

Participation in the profits of the Association is established by an equal division of the reserve fund among all the borrowers. At the general meeting of 1838, this right was settled in the following manner:—

§ 6. All debtors have the same proportional rights to the reserve fund, from which the following deductions are first made:

- 1st. $4\frac{1}{2}$ per cent. for cost of first organization.
- 2nd. Contribution for cost of management and losses.
- 3rd. Compound interest on these amounts.

The surplus is divided in proportion to the amount of annuity paid by each debtor for one complete year.

§ 7. Each borrower (member of the Association) who has paid up and has received his discharge, receives his part of the reserve fund as it then stands, and he also receives one or several bonds which bear the inferior rate of interest of $\frac{1}{2}$ per cent. This interest is not paid each year, but is capitalized in compound interest, and payment can only be demanded at the expiration of 50 years from the date of the loan. These bonds are in favor of bearer.

We have already stated that this prospective participation in the profits of the reserve fund after payment in full by borrowers, offers, it is true, a trifling advantage to those borrowers, but it is not worth consideration, and it gives rise to excessive complication. The inconvenience of the system, therefore, seems to us to be greater than its advantages, and we do not consider it to be a feature worthy of imitation. The other German Landed Credit Associations have not adopted this complicated system, and for this and other reasons, their superiority seems to us quite apparent. All these institutions are in perfect working order; the bonds which they issue are quoted at the highest current rates,—as it will appear by the tabular statement which we append to this work.

The following are the principal Landed Credit Institutions created in the exclusive interest of borrowers:—

Those of Silesia,
Brandenburg,
Pomerania,
West Prussia,
East Prussia,
Grand Duchy of Posen,
Lunenbourg,

Those of Galicia,
Wurtemberg,
Saxony,
Upper Lusace,
Mecklenburg,
Hamburg,
City of Bremen,

Calenberg,
Grubenhagen,
Hildesheim,
Duchy of Bremen,
Verden,
West Friesland,

Denmark,
Credit System of Livonia, Peas-
ants' Bank,
Esthonia,
Courland,
Territorial Credit, Poland.

ASSOCIATIONS OF CAPITALISTS.

These Societies are in reality banks, with a capital stock divided into a certain number of shares subscribed and paid up by capitalists. They might fairly be classed in the category of private institutions, if the shareholders were not restrained in their natural desire to derive the greatest possible profit from their transactions with the borrowers, in making them pay a high rate of interest.

In order to give them a more national and extended character, to place them more at the disposal of the agricultural class, different governments have granted to them, as they have to societies of borrowers, considerable subsidies and important privileges. But, in granting these subsidies, the governments have exacted, in return, the condition that these banks shall fix the rate of interest on their loans, and regulate the dates of reimbursement in such a manner as to be of the greatest possible advantage to agriculturists, permitting at the same time a reasonable profit to the Shareholders.

The principal of these are :—

In France,—The Landed Credit Bank of France.

Bavaria,—The Mortgage Bank.

Hesse-Darmstadt,—The Rent Institution.

Switzerland,—The Mortgage Banks of Berne and Bâle-Champagne.

Belgium,—The Proprietors' Bank,—The Mortgage Bank.

In addition to these two groups of Landed Credit Institutions, there are some which are exclusively conducted by the Government. Of this kind we may mention :

In Hesse Cassel,—The Bank of Territorial Credit.

In Prussia,—The Bank of Westphalia.

In Hanover,—The Landed Credit Institution.

There is one in existence at Baden, and another in Denmark which was established in 1786.

THE OBJECT OF LANDED CREDIT INSTITUTIONS.

Mr. Royer writes that when first established, the object of these institutions seems to have been to loan money on mortgage to extensive proprietors, or to the middle classes of proprietors, but no lower, and particularly on property held in feudal tenure, "*biens nobles*." The desire of seeing that species of property placed at its true value, by means of capital borrowed on favorable conditions; the necessity of procuring this capital for the proprietors, to save them from the inevitable ejection which threatened them on account of the enormous debts which they had contracted in the several provinces, particularly in Silesia, after the peace in 1763; finally, the hope of freeing them entirely from the onerous burdens which had always weighed upon these properties, seemed to be everywhere the principal object which the several Governments had in view in facilitating the establishment of Landed Credit Institutions. With regard to individuals, the incentive which directed them in the foundation of these establishments necessarily varied according to the source from which the initiative came, whether from proprietors or capitalists. The good effect produced by these institutions with regard to extensive property, soon proved their applicability to a smaller class of property, from which the same results could be fairly expected. At the present day, the minimum of loans made by new Associations is generally sufficiently low to enable the small proprietor to use the institution with facility, provided he can furnish the requisite guarantees.

Mr. Royer, in alluding to the Landed Credit Institutions of Wurtemberg, states that the main object is to loan money to all classes of proprietors, whether great or small, Seigniors or *roturiers*, individuals, corporations, or communities without any distinction, at the lowest possible rate of interest, provided they can give the necessary security. There is a very marked difference between the institution in this country and

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those of the north of Germany, whose general object is to lend exclusively to a certain class of property held by feudal tenure, or which exact from the borrowing peasant double the amount of security required of a person borrowing on property held by feudal tenure, "*biens nobles*." The Landed Credit Institution in Germany, having once disburdened the lands of the Seigniors, "*biens nobles*," proceeds to clear off debts on the lands of the peasants. The object is not only to disburden the land, but also to procure for the farmers the capital necessary to improve the cultivation of their properties. The results speak for themselves. No one can venture to assert that the Landed Credit Institution has failed in its object; quietly and gradually, without any shock, but surely it has succeeded wherever it has been introduced.

ADVANTAGES.—RESULTS.

The effect produced by the establishment of Landed Credit Institutions has always been :

- 1st. To reduce the rate of interest.
- 2nd. To clear property of pecuniary burdens.
- 3rd. An increase in the value of property.
- 4th. An improvement in the condition of farmers.
- 5th. To render those who are assisted by them more prudent and economical.
- 6th. To render the debtor punctual and exact in his payments; the reaction producing an influence on his whole conduct.

In a report submitted to the French Government by Monsieur Royer, in 1845, he thus speaks of their effect. "They have—

"Firstly,—Diminished the general rate of interest on money.

"Secondly,—And placed capital at the disposal of agriculturists, at a uniform rate of interest, frequently lower than that paid by commerce and manufactures.

"Thirdly. They have encouraged and facilitated in a powerful manner, all extensive landed improvements, by the extinction of the capital borrowed for these purposes through the payment of a small annuity during a short period of time, the agriculturist being manifestly unable to effect this result in any other manner. As the current rate of interest was excessively high when the first trial of these institutions was made in Silesia, and as it was impossible then to foresee the admirable results of this first imperfect attempt, it was decided that the rate at which the loan was to be contracted should be decided between the capitalists who loaned the money, and the proprietors who borrowed it. Owing to the favorable effects of the institution, it was shortly enabled to dictate its own terms and frame its own laws in this respect, and the rate of interest which, before the establishment of these institutions, had been as high as 10 per cent., with 2 to 3 per cent. brokerage, we find reduced by the institution to 5 per cent. in the first instance, then to 4 per cent., and, finally, when the system was generally revised in 1838, to $3\frac{1}{2}$ per cent. There is no doubt that the creation of the bank immediately reduced the rate of interest on loans on mortgage, in such a manner that a rate of interest which would have been desirable before the creation of these institutions, and which, in consequence, the banks would appear to have been authorized to charge, is now greatly reduced, and, we think, naturally causes the question to be asked, "What can be the object of the bank in purchasing, and, consequently, forfeiting during the tenth year the great privileges which could have been enjoyed for 99 years more?"

Such a result, moreover, so promptly obtained, seems to deserve some compensation.

It has been remarked that the establishment of a Landed Credit Association in any province has instantly, and in a remarkable manner, increased the value of landed property. Mr. Chancellor Chrétien Bruder states that the value of property has almost doubled through the establishment of the institution, and property has generally passed into the hands of those who work it.

In 1851, 16 years later, the French Government having instructed its diplomatic agents throughout Europe to enquire into the results of Landed Credit Institutions, a number of documents were forwarded, and M. Josseau, who was selected by the Minister of Commerce and Agriculture to undertake the task of compiling and putting them in form, gives the following information which he has gleaned from them :—

"If Landed Credit Institutions are unable to create capital, they possess at least the virtue of circulating it and of better distributing that which is available. In this respect they are really *circulating* machines.

"Collective credit may, in a more successful manner than industrial credit, ward off crises, or at least prevent their disastrous effects. Wherever they are established, they facilitate the disburdening of property, and procure the means of furnishing to the soil implements with which to improve it, while they place an obstacle in the way of excessive division or parcelling of property. In Germany, property belonging to the peasants had been indebted or mortgaged to the seigniories in an immense amount of feudal, real and personal burdens. Since 1815, several laws have legalized the redemption of the greater number of these burdens. Landed Credit Institutions have produced the effect of rendering this redemption possible, by advancing funds to the peasant proprietors, which the latter are enabled to return at long dates. These operations, which have not yet been perfected, particularly in Austria, have, as a general rule, freed property from debt. The peasant has become wealthy, and his independence has rendered the land more valuable.

"The following recapitulation will shew the advantages offered by Credit Institutions both to the lender and the borrower:—

"To the borrower:

"1st. They enable him to find capital without the costly intervention of a third party.

"2nd. He avoids unforeseen demands to reimburse the amount borrowed

"3rd. He has the facility of repaying by small instalments.

"4th. As he is compelled to pay the interest regularly, he becomes imbued with a spirit of punctuality, which produces its effect upon all his transactions in connection with farming operations. The institution is in fact inexorable, and if the debtor should get into arrears by neglecting to pay this small annuity, sequestration is inevitably resorted to.

"5th. They increase the value of rural property.

"To the lender:

"1st. He is offered a secure investment and the regular payment of interest.

"2nd. He is saved the trouble of watching the immovable mortgaged.

"3rd. He is exempt from the embarrassment of complicated proceedings, as the bond of the institution (*lettre de gage*) carries execution with it *titre paré*.

"4th. He is not obliged to pay brokerage and other contingent expenses which are generally called for in the payment of interest, the investment and recovery of capital, &c., &c.

"The effect produced by these establishments, wherever they have been organized, has been found to be an increase in the value of property, and to place them in the hands of those who cultivate them. The institution offers to capitalists who desire to invest in mortgages, all the advantages without the inconvenience formerly experienced in that species of investment.

"In fact, a person who purchases a landed credit bond, '*lettre de gage*,' does not possess a distinct mortgage among all those deposited with the institution, with the risk of good and bad chances, but all these mortgages belong conjointly and *in solido* to the holders of bonds.

"On the other hand each of the latter is relieved of all the care and intricacy of verifying the solidity of the mortgage, as well as the legalizing and registering of the same, which a creditor has to submit to in dealing ordinarily with a proprietor who desires to borrow. He ceases to have any anxiety about having recourse to special procedure in ejectment; he is assured of the receipt of his interest every half-year on the day at which it matures, as well as the reimbursement of his capital within a limited period, which he can shorten at any time by negotiating his bond. While offering these advantages to capitalists the institution settles in favour of the borrowers the difficulty of reimbursement of capital at a fixed date of maturity; it becomes for them a species of Savings Bank with compulsory conditions, by aid of which the capital represented by its bonds, '*lettres de gage*,' is recomposed. As the institution permits of no direct relation between the borrower and the capitalist; as all applications for loans are made at the common centre of operations, while the bonds are universally negotiable, a proprietor in one locality is not more favored than one in another locality, and the interest on a small amount is not greater than that on a large amount of capital. Finally, while the inconvenience of an irregular distribution of

capital loaned on mortgage is avoided, this kind of investment is, by means of bonds for a small amount, placed within the reach of a number of small savings now shut out from the luxury of investing in mortgage security.

"These circumstances, added to a greater share of advantage offered to capitalists, procure for the borrowers a reduction in the rate of interest on money.

In speaking of Hanover, he states that "these banks have done great service in clearing property from feudal dues and charges, with which it was overburdened. They have also exercised a happy influence on the development of rural industry, which has in Hanover, attained a remarkable condition of prosperity."

Another very remarkable and important result is, that the greater number of those who have been assisted by the Landed Credit Institutions, in being furnished with the means of clearing off the debts on their property, have become more regular, prudent and economical. Whenever a person finds that by bad conduct, extravagance or other reasons, he has been brought to the brink of ruin, he learns a salutary lesson from his experience, and he rarely falls into the same errors a second time.

The more he was indebted, the smaller the prospect before him of retrieving his lost ground, the more discouraged did he become; he found nothing in the future but ejection and ruin. The effect of this was that he neglected the cultivation of his land, and the care of his cattle, &c., &c.

The Landed Credit Institution by coming to his assistance in furnishing him with the means of clearing off the debts due on his property on conditions adapted to the resources of the soil, gives him new courage and fresh hope. He works with greater energy, his system of cultivation improves, his crops increase, his cattle attains better condition, joy is at his fireside, and contentment in his family. A man so situated knows well the value of his experience.

Mr. Josseau in a recent work, published in 1861, entitled "*Le Credit Foncier de France*," states the following at page 40:—"Moreover, as I predicted at the outset, the mere fact of the Landed Credit Institution being in possession of these privileges, has produced with us, as in Germany, the excellent effect of creating greater regularity on the part of borrowers on mortgage, and at the present moment, is it not admirable, that after loaning upwards of 180 millions, the institution has scarcely been compelled on one single occasion to put into operation the system of special procedure in ejectionment?"

Mons. Josseau is good authority, as he is the legal adviser of "*Le Credit Foncier de France*."

The institution also prevents the parcelling out of property. A father of a family, who has two or three sons to settle in life, to whom he wishes to give a fair share of their rights, is frequently obliged to sub-divide the homestead or the ancestral inheritance into several parts. Where a landed credit institution exists, he can easily borrow money and distribute it among his sons who settle on forest lands, and they too in their turn will be in a position to borrow funds to assist in the clearing and improvement of their property. I could multiply quotations, but the facts are so positive and so uniform that I consider it unnecessary.

I shall publish further on, extracts from the Reports of the management of "*Le Credit Foncier de France*," from its first establishment to last year. Interesting information will be found therein. Such results should open the eyes of every government, which sincerely desires to assist the agricultural class and cause the country to prosper.

SUBSIDIES—GUARANTEE.

Every financial institution which is permitted to operate according to its own way of proceeding, is tempted to seek the greatest possible profits, without taking any special care of the embarrassment or inconvenience which it may cause to those with whom it may have transactions. Probably the same effect would have been produced with Landed Credit Institutions had not government intervened to impose restrictions. These restrictions imposed a peremptory obligation to loan money only on conditions the most favorable to farmers, and in accordance with their resources, at the same time at the lowest possible rate of interest. But, while Government imposed these restrictions in the interest of the agricultural class, on the other hand it became a duty to grant to these institutions ample privileges and pecuniary assistance sufficient to compensate them for the inconvenience

produced by these restrictions; which, without that, would have rendered their establishment an impossibility. It was particularly during the first years of their existence that these institutions required assistance. This is easily accounted for by the difference between the current rate of interest and the rate which it was required that they should fix on loans which they would effect. Governments did not hesitate to grant donations, subsidies, loans at a moderate rate to be repaid by annuities, and some to offer them a guarantee. This aid was not in reality so much a loan to the Banks of Landed Credit themselves as to the agricultural class. As regards the Bank, it was merely compensation for profits which could have been made by loaning to agriculturists.

I have been able to obtain some information with regard to subsidies granted to several of the European Landed Credit Institutions:

France,—Endowment.....	10,000,000 francs.
Westphalia.....	1,193,000 “
Silesia—Association Provincial.....	1,125,000 “
“ Institute Royal.....	1,125,000 “
Caisse d'encouragement of Coslin.....	1,125,000 “
“ “ Brandenburg.....	1,125,000 “
Marches of Brandenburg.....	750,000 “
Pomerania.....	1,029,300 “
Prussia West.....	750,000 “
Prussia East.....	1,029,300 “
Posnania.....	750,000 “
Panderborn.....	279,300 “
Hanover.....	“ “
Calenberg.....	“ “
West Friesland.....	“ “
Mecklenburg.....	“ “
Saxony.....	“ “
Bavaria, 8 sub-agencies.....	“ “
Wurtemberg.....	“ “
Hesse Electoral.....	“ “
Baden.....	“ “
Nassau.....	“ “
Hamburg.....	“ “
Gallicia.....	“ “

And these are probably not the only cases in which assistance has been granted to Landed Credit Institutions.

In addition to these subsidies, several states guarantee the bonds (*letters de gage*), or obligations which these institutions put into circulation. Without pretending to know all the states that have thus granted their guarantee, I may mention Gallicia in Austria. France, not satisfied with a donation, passed a law, article 5 of the decree of 28th Feby., 1852, of this tenor:—“To facilitate the first operations of these societies, the State and the Departments may purchase a certain quantity of their bonds (*letters de gage*). The law of finance shall each year fix the maximum amount which the treasury may use for that purpose.” This condition was substituted for the guarantee which the Government had proposed to give to the paper of the Landed Credit Institution. Later in 1858, the Government granted its guarantee for drainage purposes. Electoral Hesse, the Royal Institute of Silesia, the Duchy of Nassau, Hanover, Haute Lusace, all guarantee the bonds of their Landed Credit Institutions. The Minister of Commerce and Agriculture, in his report to the French Government, in 1851, (Josseau, page III), states that: “When Governments have intervened with the view of favoring these institutions in their infancy, the guarantee granted has never been risked. In fact it has merely been nominal.

In the report made by the Commission to the National Legislative Assembly, on 29th April, 1851, we read the following:—With the laudable intention of giving to Landed Credit Institutions at the outset of their career every possible assistance, in the measure of the Government, by articles three and four, it is proposed to enact as follows:

1st. On the establishment of societies duly authorised, the Department and the State

shall have the power of guaranteeing the reimbursement, each to the extent of one third of the amount of capital of and interest on bonds.

2nd. That the institution failing to pay, the holder of a bond shall have his recourse against the State and the Department for two-thirds of the value of his said bond.

In giving his reasons, the Minister of Commerce and Agriculture does not pretend to say that a State Guarantee is necessary; he expressly acknowledges that it is superfluous. In those reasons we read the following: It seems difficult to suppose that, after draining the reserve fund, after exercising the right of expropriation on the immoveable mortgaged, after putting into effect the right of personal action against the other properties or effects of the debtor; the association would be unable to meet its liabilities to bondholders. It is moreover not so much to add to the validity of the security as to render its sufficiency apparent to all observers that the Government thought it advisable to give in addition to the immoveable and the person of the borrower a last guarantee, the solvency of which cannot be doubted, viz:—"The Department and even the State itself." The Minister adds:—"This provision, which is borrowed from the happy experience of the foundation of Banks of Discount, examined with regard to its effect upon the financial affairs of the country, after mature deliberation, and in spite of the contrary opinion entertained by the Council of State, appears to him to be without risk, and the Government persisted in maintaining it as part of the projected law." The Commission, however, did not feel justified in recommending the guarantee. In its stead, it was decided to make a grant as a gift of ten millions francs. The French Government, as I have already stated, gave further assistance to its Landed Credit institutions by investing in them 35 millions francs of their bonds (*lettres de gage*.) Finally, by decree of 28th Sept., 1858, and at the Convention of 28th April, of the same year, the government guaranteed the bonds of "Le Credit Foncier" for drainage operations. Many of these subsidies are of trifling importance, but as I have already stated, large amounts may have been granted since that time, of which no account can be found. Moreover, if we take into consideration that in Europe capital is plenty, and the rate of interest comparatively low, the Landed Credit Institutions, being enabled to negotiate their paper on change, we can easily understand that these subsidies were sufficiently large. In fact the quotations on change shew that Landed Credit Bonds are on an average current above par in relation to the rate of interest which they generally bear. This is so much the case now in Europe, that the borrower from the "Credit Foncier" is glad to accept bonds of the institution for the amount of his loan, as he is certain to be able to negotiate them on change without trouble for specie, and very frequently they are at a premium. But in Canada, where capital is scarce, and the rate of interest exorbitant, it would be impossible to settle with the borrower by giving him bonds issued by the institution. The Bank itself could not negotiate them without paying a rate of interest, which would be too high to enable him to loan to the farmers at a rate in accordance with his interests and requirements. It is only on change in European cities that the bank could hope to negotiate its paper on advantageous conditions, and in Europe the bank would be unknown. A friendly hand would be required to introduce it to the bankers of London; and could this duty be better performed than by our Government? And should not the Government be friendly towards the agricultural class? Is not the Government best qualified to judge of the resources and the agriculture of the country?—Any guarantee which the Government might give to a Landed Credit Institution would be in reality nominal with regard to ulterior payments. It would not be merely the farmers to whom advantages would accrue by the establishment of Landed Credit Institutions; the whole country, all classes of society would profit by the general welfare, by the improvements in agriculture, the increase of produce, the clearing and colonization of wild lands, the development of all kinds of manufactures, and as a natural consequence, the increase in the public revenue. The Government can run no risk of being compelled to make good its guarantee. If the institution be well managed, if the Board of Direction be cautious in confining their loans to advances on property, the valuation of which has been properly and prudently made, there can be no fear, particularly if the principle of a sinking-fund with gradual repayment of the capital, be adopted. As the value of land in Canada, particularly in Lower Canada, is now at the lowest possible figure, the probability is, that with the impulse which would be given by an institution of Landed Credit, they would gradually increase

in value. This would tend to secure more firmly the interests of the institution. In fact, by the institution loaning on the condition that the borrower will pay each year in advance an annuity which will comprise interest, sinking-fund and cost of management; the bank may, without any inconvenience pay each year to the Government interest on the bonds which may have been guaranteed, as well as the sinking-fund which represents the capital of the bonds at their maturity.

The example furnished by Landed Credit Institutions which have existed for a number of years in Europe, should be sufficient to reassure the most timid with regard to their solidity, particularly since the introduction of a compulsory sinking fund. Mr. Dumas, Minister of Agriculture and Commerce, in presenting his Report to the French Government in 1851, together with the new documents on the subject of Landed Credit institutions, compiled and prepared by Mons. Josseau, thus expresses himself at page 332 :—

“Cases of sequestration and ejection on account of failure in the fulfilment of obligations are very rare. There has scarcely been a case of positive forced execution.”

Moreover, the value of the shares of the different Landed Credit Institutions is a proof of their solidity and solvency. Shares of “*Le Crédit Foncier de France*” are actually worth at the present moment 150 per cent premium on change at Paris. There is no doubt that the assistance, concurrence or guarantee of the Government should not be granted without a serious examination of the advantages which such an institution would confer upon the class which they are intended to assist, and of the inconvenience which such a guarantee might create in administering the financial affairs of the Province. The agricultural class, although the most numerous and the most important, is not the only class in the country. An administration is not the representative of one class alone; it should represent the interests of the whole country. It is in that position to watch over and attend to the wants of the whole population, to prepare for and guard against the various exigencies which daily deserves serious considerations. It is bound to preserve the credit of the Province, which should neither be lightly compromised nor affected in any manner, without very grave reasons. It is very clear that the resources of the Province are not inexhaustible. Its credit in the stock market is certainly good, as Provincial debentures bearing 6 per cent interest are at a premium, while those which bear 5 per cent are as nearly as possible at par. If the Province were to grant its guarantee, would its credit be affected, and if so, to what extent? This question certainly deserves the calm and deliberate consideration of competent men. In such an examination both the enthusiasm of the optimist and the objections of the pessimist should be avoided. The question is of too great importance to allow passion to predominate in the investigation of its principles; passion blinds and cannot enlighten any one. I have no hesitation whatever in affirming as my positive conviction, that no Landed Credit Institution can be worked to the best advantage as regards the interests of the farmers during the first years of its existence, without either Government assistance or the possession of some privileges for its paper issue, guaranteed by law. But, if this aid or guarantee which, under different names, really means the same thing, cannot be granted without affecting the credit of the Province, I think it would be wiser to defer that proposal until better times. At the present moment the debt of the Province is large; its revenues falling short of the expenditure;—it is necessary to borrow every year to cover the deficit, and it is questionable whether it would be prudent to increase its responsibility now by guaranteeing the bonds of a Landed Credit Institution. Let wise men weigh the advantages and disadvantages of such a proceeding; let the measure be examined conscientiously by them, and let their decision be listened to; by all means let the farmer submit to the exigencies of the position. If the Province cannot at the moment come to their assistance without inconvenience, perhaps at another time, at a future date, it will be practicable to do so.

Many persons in Upper Canada and even in Lower Canada oppose the Provincial guarantee, not so much because they fear that a depreciation in the value of Canadian securities might follow the negotiation of Landed Credit Bonds guaranteed by the Province on the English stock market, but because they fear that it would either place too much power in the hands of the Government of the day, or that the Government of the Province would be some day called upon to pay both the capital and interest which it had guaranteed. I do not desire to accuse these persons of bad faith or of want of sympathy

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with the agricultural class. The landed credit institution is a novelty for them. Every new project excites fears and apprehension which it is perhaps proper to entertain at the beginning. No person is disposed to launch into uncertainty, particularly when large sums of money are at stake, sums which may be lost owing to causes which the imagination may at the moment depict, although facts and experience gleaned in countries where those institutions exist already, have proved that such fears are merely illusive. The study of the question, plain facts, the results uniformly obtained in Europe will calm all fears and smooth over all difficulties; and I think that when the whole has been carefully weighed, men who are at this moment its most bitter enemies, if they are conscientious and competent, will themselves ask for the assistance of the Government or the Provincial guarantee in favor of a Landed Credit institution. Could not some means be found to calm the fears of those who apprehend that political influence may be used in the affairs of the bank, as well as those who are afraid that the proposed guarantee may affect the credit of the Province in the money market. I do not at all fear the exercise of political influence. In the first place, I do not believe that the Provincial guarantee would render such an exercise of influence probable; in the second place, if any power were thus given to a ministry, I do not think that under our system of responsible Government were the majority of the electors create the ministry, we need have any apprehension of its force or power. The fears of those who think that granting the Provincial guarantee to the bonds of the Landed Credit institution might affect the credit of the Government; are more reasonable and at least plausible. I will submit a plan; some better one may be found, but it is not new, and is practised in France and elsewhere. Let the Government purchase annually from the Landed Credit institution a certain amount of its bonds "*lettres de gage*" bearing 6 per cent interest, at any time when Provincial debentures are negotiable at a rate which would not exceed 5½ per cent. This investment would greatly assist the institution which, by procuring funds at 6 per cent, would be able to loan money at the same rate. This assistance would have the effect of calming the fears of those who believe in the exercise of political influence; because, as the honorable Attorney General remarked at the meeting of delegates held at St. Hyacinthe on the 15th April, 1862: "the Government concurs in the creation of a project of indubitable efficacy without mixing itself up in the ulterior management of the bank." As regards the Board of Management the Government is nothing more than a lender or a creditor, bound by conventional engagements which are only brought back to memory by the recurrence of the period of payment. Its action is of no consequence; individual exertions take its place in the management of the bank, which is therefore not submitted to any inimical control. This assistance cannot affect the credit of the Province, because it can only be granted on conditions that debentures are not negotiated above 5½ per cent.

The negotiation of Provincial Debentures is now effected at a rate rather in excess of five per cent calculated at par.

The Government is compelled to borrow annually to pay interest on loans and the capital at maturity, which is equivalent to loans contracted at compound interest. In addition to the annual interest the Government is also obliged to pay the capital at maturity, which renders the formation of a sinking-fund, or the contracting of a new loan necessary. When the loan is at five per cent the sinking fund is 48 cents per 100 for 50 years; when the loan is at five and half per cent, the sinking-fund is 41 cents per \$100 for the same period (see table 7). Well, let us suppose that the Government invests one million dollars (for which it would pay, at five per cent, \$50,000 annual interest) in bonds (*lettres de gage*) of the Landed Credit Institution, bearing six per cent interest, and payable at the same date as the maturity of the Government loan, viz., in 50 years. The Government would receive annually six per cent interest, that is to say \$60,000, from which, having deducted \$50,000, amount of interest on its loan, it would derive \$10,000, or one per cent as sinking-fund towards the capital. But one per cent is more than sufficient to form a sinking-fund, 48 cents being the amount required. The difference would be a clear gain to the Government, and this gain is of no mean importance, as it would exceed the capital; if 48 cents give \$100, and \$1 would give \$208.33c., or in other words, \$10,000 annually received from the Landed Credit Institution over and above the interest which the Government is required to pay on its loan would, at maturity, give the sum of \$2,083,333,

from which deduct \$1,000,000 due as borrowed capital, and a clear gain of \$1,083,333 on interest alone will have been made by the Government.

This appears to be of sufficient importance, but it is not all: when the bonds of the institution (*lettres de gage*) fall due, the Government will receive \$100,000 from the Landed Credit Institution, which together with the former amount, establishes a nett profit of \$2,083,333 on an investment of \$1,000,000! The question deserves examination. At the present moment, when public attention is directed to the intercolonial railway, which is considered to be of such vast importance, from an imperial point of view, as regards the defence of Canada in case of foreign invasion. I hope that I shall be pardoned if I consider it from a financial point of view, taken in connection with the establishment of a Landed Credit Institution. I believe that Canada, (of Lower Canada at least I am certain) would rise to a man to offer sturdy arms, and if necessary its best blood to repel invasion and defend the British flag, under whose ægis we have enjoyed in full liberty the exercise of our religious, civil and political rights for more than a century. We love our flag; we are ready to defend our country; and perhaps it may again be the farmer who will, as at Chateauguay and elsewhere, join the English soldier in repulsing a common enemy. But if Canada and its connection with Great Britain, are subjects dear to us, Great Britain should not attach less importance to that connection. If England considers the construction of the intercolonial railway a necessity, as she can procure money on such easy terms, she should at least pay half its cost. The Canadian farmer is willing to shed his blood, but it would be unreasonable to expect him to give his money which costs him so much, because in reality, it is the farmer who pays customs and other duties, the proceeds of which are used to pay capital and interest thereupon, borrowed for the construction of the railway, if the Imperial proposal be definitively accepted. If the farmer had a chance of realising any pecuniary profit, any advantages, however small, that might be, from the construction of this road, he might consent to pay his share towards that construction. The Canadian share of that railway is to cost three millions pounds sterling, which the Imperial Government is to procure at the rate of $3\frac{1}{2}$ per cent per annum, to be repaid in 50 years. This offer of the Imperial Government would cost nothing to Great Britain, as Canada would have to pay both capital and interest; we gain nothing by the transaction, as we have to pay every thing, and moreover it is for an enterprise which is not popular, and which the country peremptorily refuse to sanction on those conditions.

But the farmer would accept the following plan, if no better one be presented. Let the Imperial Government guarantee a Provincial loan for an amount of five millions pounds sterling, at $3\frac{1}{2}$ per cent, to be repaid in 50 years; let three millions be applied towards the construction of the intercolonial railway; let one million be invested in the bonds (*lettres de gage*) of a Lower Canada Landed Credit Institution, and one million in bonds of a similar institution in Upper Canada, all bearing 6 per cent interest.

The following would be the result of such an operation:—

1st. Farmers would be enabled to borrow from the Landed Credit Institution at 6 per cent interest.

2nd. As the Province would pay $3\frac{1}{2}$ per cent interest on £5,000,000 stg., and would receive 6 per cent on £2,000,000, it would have to pay £70,000 more annually, than if the loan had been confined to 3 millions for the construction of the Intercolonial Railway, but the sum of £120,000 would be annually received from the Landed Credit Institution.

The Province, by borrowing £3,000,000 sterling at $3\frac{1}{2}$ per cent for the construction of the Railway would have had to pay as capital, at the expiration of 50 year..... £3,000,000

Annual interest.....£105,000

By borrowing £5,000,000—annual interest..... 175,000

Surplus of interest.....£70,000

And capital £5,000,000

Each year the Province would pay a surplus of £70,000 in interest; but on the other hand the sum of £120,000 would be received from the Landed Credit Institution, which would give a bonus to the Province of £50,000 sterling. £50,000 or \$250,000 (in round

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numbers) of surplus interest on two millions, represent $2\frac{1}{2}$ per cent sinking fund. As 48 cents serve to reimburse by means of a sinking fund, a capital of \$100 in 50 years, by compound interest at the rate of 5 per cent per annum, we can easily calculate what the annual surplus would produce for the Province in 50 years, when the loan would mature in England— $48 : 100 :: 250,000 : X = \$52,083,333$. This surplus paid in annually by the Landed Credit Institution would give to the Government an amount of \$52,083,333; from which, deduct \$25,000,000, the capital of the railway, and that furnished to the Landed Credit Institution, would still leave a balance of \$27,083,333, without counting the capital of the bonds "*lettres de gage*," which at maturity would produce a further sum of \$10,000,000 (ten millions dollars). By this operation alone, with the Landed Credit Institution, the Province would, while doing good service to the agricultural class in both Provinces, succeed in constructing the railway; and, with the exception of interest at $8\frac{1}{2}$ per cent on the capital used in completing it, draw from the Landed Credit Institution all the capital borrowed, both for that institution and the Intercolonial Railway; and moreover will have realized a net profit of \$37,083,333. Thirty-seven millions eighty-three thousand three hundred and thirty-three dollars, in addition to the fifteen millions of dollars paid for the Intercolonial Railway; nearly two-thirds of the whole debt of the Province;—what an enormous sum this appears to be? It is so in fact—but it is the truth. Figures cannot lie. Let us reflect for one moment on the amount paid by farmers when they give 12 and 15 per cent interest!

The question really deserves some examination. If the Administration could use the surplus of £50,000 sterling which it would receive from the Landed Credit Institution in liquidating a portion of the debt of the Province, we would soon find the expenses of the country kept within the revenue, particularly if we consider the impulse that would be given to agriculture and every industrial branch throughout the country, there would very soon be a surplus. And let the Government, in order to ensure greater security, and by, as it were, superabundant prudence, make the following peremptory condition:—

That the institution should not be permitted to loan in excess of one-third of the value of the immovable (buildings excluded) with the additional obligation of insuring those buildings for the amount thus invested in bonds "*lettres de gage*."

All this deserves serious consideration, and I have no doubt that the measure will be frankly examined. I do not pretend to say that the Provincial guarantee is absolutely indispensable in the creation of every Landed Credit Institution. If the financial condition of the Province were such, that its aid or guarantee would be an impossibility, there would still be a way of establishing a Landed Credit Institution which might be of great service to the agricultural class. But that institution would be compelled to charge a higher rate of interest on account of the high rate which it would be compelled to pay, probably 8 or 9 per cent.

In France, Monsr. Martin (du Loiret) proposed the establishment of a Landed Credit institution, which would have the power of issuing notes for double the amount of capital paid up or deposited by the shareholders. The Commission appointed by the Legislative Assembly to examine: 1st. The law projected by Government; 2nd. Monsieur Wolowski's proposition; 3rd. Mr. Royer's plan; 4th. That of Monsieur Martin (du Loiret,) thus gives its opinion at page 79 of the report:—"The establishment of banks of discount and circulation had in view as principal object and inevitable result, to obtain for solvent traders, advances of funds at a moderate rate of interest, while assuring at the same time to the stock-holders (whose capital had been used in the formation of these establishments) considerable profits on their shares. This singular phenomenon, of discount or loan operations which produce in favour of the lenders more than the use of the capital costs the borrowers, is due entirely to the authority which these institutions have received to multiply as it were their original capital, by the issue of notes payable to bearer on presentation, further power being granted to the holders of the said notes, of insisting at any time upon the prompt reimbursement of their value, while public confidence attributes to them the full value of metallic currency, and in some instances even grants them a preference.

It is not surprising, that many persons, who have observed the wonderful influence of banks in effecting a reduction in the rate of interest on commercial transactions, and who watch on the other hand the exorbitant increase in the interest exacted for the use of capital loaned on landed property, have concluded from the success of Commercial banks

of discount, that there is a probability, even a certainty of the success of Landed Credit institutions. By the slightest careful examination, however, it is easy to perceive, that the analogy is more apparent than real, and that there is in the abstract, between the conditions of commercial and landed credit, such an essential difference, that, what has been possible and useful with regard to the former, would be impossible and even disastrous in the latter. If we were to apply without discretion the same machinery to two descriptions of operations which so little resemble each other. If in fact we must establish as a first principle, that a bank of circulation must be compelled constantly to redeem its own bills on presentation, the institution must therefore at all times have at its disposal, whether at the instant or at early date an equivalent to represent these bills. Now it is in the ordinary nature of transactions, that the discount of commercial paper which is intended to facilitate prompt operations with the certainty of early realisation, may and in fact ought to bear exclusively on notes payable at short dates.

For instance, the Bank of France only discounts paper at three months. The average of its notes in hand never have more than 45 days to run. Therefore, each day, the bank receives one-ninetieth part of its advances, or at the very least one forty-fifth part. If extraordinary and fatal circumstances were to force the bank to stop payment, its affairs could be wound up in some months, perhaps in a few weeks. We can therefore easily understand how the bank is always in a position to pay the amount of its notes which are constantly represented either by specie in the vaults or by paper, the amount of which can be collected at short notice, as we have above stated. The situation of a Land Bank, which might issue notes to represent the amount of loans made to landed property, would be very different; because the amount of the notes thus placed in circulation for which the bank would be debtor, might be constantly called for, while the obligations for the amount, of which the institution would be creditor, would only be repaid, and could only be realised after a number of years; from which fact, we can glean the result that every bank of circulation whose object might be to lend money on landed property, would soon find itself totally unable to pay its notes, the amount of which could always be called for, and would be compelled to close doors, unless it received the dangerous privilege of having its notes made a legal tender, the depreciation and debasement of which said notes could not be expected if such a disastrous course were never resorted to. This objection which seemed at first so powerful and positive to the establishment of a Land Bank, was not found insuperable by our honorable colleague Monsieur Martin (du Loiret.) He considered it to be his duty to solve the difficult problem of establishing a credit institution which would find both its resources and its profits in the emission of notes payable on demand to bearer, and at the same time to make advances to landed property, to be repaid by annuities at very long dates, without ceasing for one single instant to be in a position to meet its notes on presentation.

The combination proposed by our honorable colleague is borrowed from the constitution of some of the American banks, as well as of some of our insurance companies. It consists mainly in the following requirements for the establishment of a Land Bank:—

1stly. A first capital composed of money.

2ndly. A second capital equal in amount to the first, composed of a deposit of State securities. These securities would continue to be the property of the depositing shareholders, who would also receive the dividends; they would be merely placed at the disposal of the bank by irrevocable deeds or transfers, and would be reserved as a guarantee deposit against the amount of notes circulated. A bank thus constituted would be authorised to issue an amount of notes equal to the double capital paid in or deposited by its shareholders, and these notes, which would always be payable on demand, would be used in loans to landed property on the general conditions already explained in the first title of the project.

Mons. Martin (du Loiret) has no hesitation in believing that such a combination would possess the triple advantage:—

1stly. To permit of loans being made to landed property at a very moderate rate of interest, which at the outset would scarcely exceed 4 per cent, and, perhaps, $3\frac{1}{2}$ per cent., with a sinking fund, to be rapidly made up, the existence of which, taken in connection with the costs and ordinary profits of the bank, would not raise the rate of annuity to be paid by borrowers over a *maximum* of 6 per cent.

2ndly. To assure to the shareholders a sufficient profit to give them 6 per cent over and above costs, sinking and reserve funds, on the total amount of their shares.

3rdly. To assure the regular payment of bills on demand at the bank, as well as procuring the advantage of loans at long date on landed property.

In order to arrive at a clearer view of the question, and to make use of figures, the following is the plan of organization, proposed by the author of the project, to bring into successful operation institutions of this description:—

Let us suppose that the cash capital deposited by the shareholders is 1,000,000 francs. They would have to place in the hands of the bank, in addition to this, a second million in 50,000 franc *rentes*, bearing at 5 per cent. The bank would then be authorized to issue notes to the amount of 2,000,000 francs, which would be used in loans to landed property. These loans would be made on the condition that an annuity would be paid by each borrower at the *maximum* rate of 6 per cent., the proceeds of which can be divided as follows:

Interest - - - -	£3 50
Sinking fund - - -	1 50 or 4 per cent interest and 1 per cent sinking fund.
Costs and taxes - -	0 50
Reserve and profits -	0 50
Total - - - - -	£6 00

Once these operations completed, let us see what the position of the several interested parties would be—1st. The borrowing proprietors; 2ndly. The bank; 3rdly. The shareholders; 4thly. The holders of bank bills:—

1st. The borrowing proprietors having received 2,000,000 francs in loans, to be repaid by annuities, which would include interest at 6 per cent., sinking fund and costs of management, would pay into the bank annually £120,000.

2nd. The bank would commence, by raising on this sum:

a. For sinking fund, $1\frac{1}{2}\%$ - - - - -	£30,000
b. For costs, taxes, &c., $\frac{1}{2}\%$ - - - - -	10,000
c. For reserve fund and profits, $\frac{1}{2}\%$ - - - - -	10,000
	£50,000

The bank would remain with (at its disposal) - - - - -	70,000
	£120,000

In other words, the bank would realize 6 per cent on the total amount of shares, and to this might be added the prospective profits to be later derived from a reserve fund, which would rapidly accumulate.

4th. With regard to notes in circulation, amounting to £2,000,000:—

a. Total amount of cash paid by shareholders - - - - -	£1,000,000
b. Deposit in securities amounting to - - - - -	1,000,000
c. In possession of the bank obligations, with first mortgage against the proprietors who have borrowed from the bank - - - - -	2,000,000
d. Amount of reserve fund, the accumulation of which, in a certain number of years, would be considerable - - - - -	.....

Total guarantee for £2,000,000 of notes issued - - - £4,000,000

Thus the bank would always have in its possession security for double the amount of its issue of notes; in addition to this there would be in the vaults an amount of cash equal to one half the circulation, that is to say, a much larger proportion than that generally observed by the banks which are the most prudently managed. We know that their institutions consider themselves above all danger when they have in their vaults an amount of specie equal to one third of their note circulation.

Although this project, after long debates and strong objections, at last received the approval of the majority of the Commission, who considered that deposits in Government

securities could always be negotiated on change; if it were necessary to procure specie in a case of emergency; the Legislative Assembly, did not think proper to sanction it, on the principle that that body would not depart from the only system then recognised as practicable for such institutions, viz: bonds "*lettres de gage*". To grant to notes the privilege of being presented as a legal tender, is admitted in Bavaria. The prudent restrictions which are imposed upon the issue of notes possessing this privilege, produce the result that instead of interfering with the financial affairs of that kingdom, those notes are in special favor, and they are well received by the inhabitants of both town and country.

The paper of the Landed Credit institution of the Duchy of Nassau also possesses the same privilege. It is a legal tender to the aggregate amount of 1,000,000 florins. I fear that in a country like ours, the population of which is not homogeneous, such a project would not be received with favor. Nevertheless, like all other projects, it deserves calm careful attention, because without doubt it would assuage to the Landed Credit institution sufficient capital, and would establish it on a solid and advantageous basis. It would be necessary to limit the issues of notes in such a manner as to prevent interference with the circulation of the commercial banks, and the circulation of that paper should be confined to the rural districts. The institution should also be compelled to withdraw annually from circulation an amount equal to the sinking fund on its mortgage obligations. Prejudices will no doubt however interfere with the introduction of this principle into the legislation of the country.

THE EXCHANGE.

As it is very probable that the paper of a Landed Credit Institution will be offered for negociation "on change," (*a la bourse*), on whatever principle such an institution may be established in this country; it may be proper to explain what the Exchange really is. Having specially followed and studied the attractions and intricacies of the Paris Exchange, I shall merely give a description of that institution, which will easily give an idea of all others of the same nature. I have obtained the greater part of the following information from Monsieur Lamst. In order to furnish some idea of the way in which business is transacted there, I shall enter into some details. Some one has said that the Exchange is a bazaar, at which all negociable titles, public funds, mining, canal, railway, bank, landed credit, manufacturing, insurance, stocks and bills of exchange, &c., &c., are negotiated and quoted. Some pretend to find in the fluctuations of stock-jobbing the thermometer of public wealth, and give to the financial bulletin the importance of an oracle. Others consider speculation as a game of chance or cleverness, which produces no effect if it is not in reality hurtful to the interests of the nation. If it is a truism that use and abuse are close to each other, it is peculiarly applicable with reference to stock-jobbing. An advance or a decline are frequently the effect of manœuvres which have nothing whatever in common with the general prosperity of the country; and it is not because stock may decline 50 per cent on change, that we can properly conclude that the capital of the nation has diminished by so much. But, on the other hand, in spite of the barren jobbing to which transactions on change give rise, they are generally considered as reasonably legitimate. Speculation is nothing else than the intellectual conception of the several processes by which labour, credit, exports and imports, exchange, &c., can intervene in the production of wealth. It is by speculation that the existence of mines is discovered. It is by her researches that the most economical means of procuring the wealth therein, is discovered; it is by her influence that the wealth is multiplied, either by a new system or by a combination of credit, transportation, circulation and exchange; by the creation of new wants or by the incessant distribution and displacing of fortunes. The most gigantic financial or mercantile speculation mentioned in history, is perhaps that of the Scotchman Law. The East India Company founded by him, in 1717, was intended to comprise bank operations, the China trade, the East Indian, African, and American trades: monopoly of the taxes and of the tobacco trade; the repayment of the public debt; finally the substitution of paper money for specie as currency. No particular portion of this vast enterprise is an impossibility; nothing is more logical than to reduce each to a system; and with regard to the idea of substituting in commercial transactions for specie, a bank note bearing the State seal and the national acceptance, we can say at this moment, that if this practice has not yet been realised, it is nevertheless a truth scientifically demonstrated.

It is very clear that if Laws's project had been successfully tried, the government could have repaid with advantage the claims of its creditors in shares of the Company, and then the return of specie to the coffers of the State, would have resulted in a nett profit to the country of the full amount of that specie. The plan was too bold to be crowned with success. That combination which posterity has been far from condemning, was denied a trial on account of the most reckless stock-jobbing, the general ignorance of the people, the ill-will of financiers and of Parliament, and above all by the imprudent haste of the projector. However the disaster of 1720-21, was not without its good effects. An enormous amount of capital had changed hands; while the depraved nobility filled their strong-boxes with Mississippi bonds, their gold and their properties passed into the hands of commoners, and an impulse was given to industrial pursuits, agriculture and commerce. Capital, like all other commodities is subject to the law of demand and supply, and the oscillations of credit. It is therefore quite natural that where trade, manufactures or mortgages offer for the use of money 5 and 6 per cent interest, the creditors of the State dispose of their Consols, and seek to invest elsewhere the capital for which they only received 4 per cent in the public funds. In the same manner, if money is plentiful in the market, or if trade and manufactures do not offer sufficient security to the capitalist, it is of course natural that he should re-invest his money in the funds. In the first case, the public funds being on the decline, it would be a sign of general prosperity; in the second case, as they are at an advance, it is equally a sign of want of confidence. If there should be a general advance or rise in the value it is a sign of superabundance of capital, and that there is more money offered than there are investments to be found.

Such is the sound meaning of movements "on change," as far as public securities are concerned. But stock-jobbing interferes with this meaning in such a manner as to reverse its whole aspect, and in the majority of cases, a decline in the funds "on change" is a bad sign; a rise in the funds, on the other hand is a good sign both for the country and the government. The cause of this anomaly is, that instead of the public debt being a safe receptacle for disposable capital, we have contracted the habit of working upon the State itself as a large concern engaged in trade, manufactures, banking, salubrity, security, &c., &c., the credit of the concern rising or falling according to the success or failure of its operations, and which by the importance of its transactions, and the obligations to which it binds the whole people, rules and governs the country.

In the Commercial Code, Art. 71, we find the following explanation of the Exchange: "The Commercial Exchange—*La Bourse de Commerce*," is a place of meeting which is established by permission of the king, where merchants, captains of vessels, exchange agents, and brokers meet." The name of "*Bourse*" is also given to the meeting itself.

M. Lamst remarks, "that a great number of commercial operations, and particularly the negotiation of public securities, render a prompt and frequent meeting of the interested parties absolutely necessary; because, if the press and special research were the only channels through which that kind of business could be transacted, there would be continual inconvenience, and business would be restrained and hampered.

It was evident that intermedial agents, who could receive both applications and offers, and who would thus become a common centre of operations, were required. Commercial Exchanges, "*Les Bourses de Commerce*," were therefore established.

The performance of the duties at the Paris Exchange is imposed upon 60 Exchange Agents (who are named by the Minister of Finance in virtue of the Royal Edict, "*ordonnance royale*" of the 22nd May, 1816), to 60 Commercial Brokers, and eight Insurance Brokers. They alone are entitled to transact business on furnishing security,* which is intended to provide for any penalties to which they might be condemned for infraction of the rules in the practice of their profession or vocation.

The exclusive privileges of Exchange Brokers are of three kinds:

1st. To negotiate as intermedial parties, public securities, all stocks, which can be quoted, bills of exchange, notes, and all descriptions of commercial paper.

2ndly. To establish the current rates of stocks and exchange.

3rdly. To certify accounts which accompany bills of exchange or promissory notes, which are returned under protest, and to grant certificates to the Treasury of the signatures

* The security exacted from Exchange Brokers at Paris, is 125,000 francs; from Commercial Brokers, 13,000 francs; from Insurance Brokers, 15,000 francs.—(Royal Edict, 9th January, 1818).

of their clients, who transfer *rentes*. They can, concurrently with Commercial Brokers, act in the purchase or sale of specie or precious metals, but they alone have the right of fixing the rate at which they are current. Commercial Brokers have the exclusive right of acting in purchases or sales of merchandise and of quoting their value. (Commercial Code, Article 78.)

Insurance Brokers make out, with the notaries all contracts or policies of insurance; they verify their correctness by their signature, and give a certificate of the rates of premium for Ocean or Inland Marine Insurance. (Art. 79, Commercial Code.)

Operations which relate to public securities are publicly announced as soon as a bargain has been concluded. With regard to the stocks of different companies, Bills of Exchange or merchandise; the Exchange and Commercial Brokers, at the conclusion of each meeting, establish the different quotations which are written in a register by the Police Commissioner of the Exchange and then printed.

The same rule is observed with regard to all negotiations which are entered into through their instrumentality. Exchange agents and brokers are public officers, intermediate commercial agents, who can be classed with traders or merchants; they should note in their memorandum book the purchases and sales which they have made, and they should write the conditions in a book duly endorsed and signed off on the system adopted by traders; they are obliged to deliver to all interested parties at the latest, the day after the operation, an extract from their journal containing the details of the transactions; at the same time, they exchange broker's notes with the parties, and this establishes the agreement between the parties through their medium. The confidence with which Exchange agents are invested being personal, they can only be represented by one of their colleagues; nevertheless, those whose offices are near the Paris Exchange are authorized to delegate some of their powers to a chief clerk approved by the Company, and this power can be revoked either by the person who appointed him or by order of the Company; he may be armed with a power of attorney to sign broker's notes and Bank checks; but he cannot operate directly with any one. Exchange agents always observe the most inviolable secrecy when requested by any of their clients who do not wish to be known or named. They have a Board of Direction composed of a President and six members, who are instructed to supervise with the strictest attention, the manner in which each broker conducts his business. The Paris Exchange is opened to strangers and citizens, each day at 1 o'clock, with the exception of holidays, but the basement is exclusively reserved for brokers. It is closed at 3 o'clock for the negotiation of public stocks, and at 5 o'clock for other business.

At one o'clock precisely, a bell announces the arrival of the brokers; business commences, and the crier states the rate at which cash sales of *rentes* and Bank stocks have been made. With regard to all other matters, the crier confines his attention to taking note of rate at which sales are then being made. The different rates thus noted are those quoted in the newspapers.

At 3 o'clock, the bell rings again. The Exchange agents leave the basement, and proceed to their room, where a meeting is organized under the presidency of their syndic or one of the members of the Board, and then and there the authentic quotations of the negotiations of the day are decided upon, printed and immediately distributed. *Rentes* are always asked for at a certain rate and offered at a higher rate. Thus we frequently hear on 'change; 3 per cents are asked for at 61f. 80c., offered at 61f. 85c.; 4½ per cents are asked for at 90f. 40c., offered at 90f. 50c. This means that those who have *rentes* bearing 3 per cent and 4½ to dispose of will only give them at 61f. 85c., and 90f. 50c., while those who wish to be purchasers, will only take them at the rate of 61f. 80c., and 90f. 40c.

Before the opening of the Exchange, there are generally some transactions at the average rate for cash. By using this method of purchasing *rentes*, if the rate for 4½ per cents is for instance at one o'clock 90f. 20c., and that it has not exceeded 90f. 80c. at 3 o'clock, you have become the purchaser of *rentes* at the average rate of 90f. 50c. Consolidated State securities are only purchased when capital is to be invested, the interest of which will be paid at a certain date; or in other cases successive operations are engaged in, by which sales are made at a rate higher than the rate at which the purchases were made in order to realize profits.

Cash Agreements.—Cash agreements are very simple; instructions are given to an exchange broker to purchase for the applicant a certain amount of *rentes*, and the broker receives in advance the sum required for registration and the certificates for the purchaser, adding brokerage fees, which amount to $\frac{1}{4}$ th per cent. or 12 $\frac{1}{2}$ centimes per 100 francs. The sale of *rentes* is effected through the same intermedial party, and the brokerage fees are the same— $\frac{1}{4}$ th per cent. The legal brokerage allowed to exchange brokers, by decree of the Commercial Courts, is $\frac{1}{4}$ per cent. In certain cases, this brokerage can be exacted: for instance, when the broker operates by correspondence or in virtue of judicial instructions.

Bargains on Time.—For bargains on time, the delivery and the payment of the paper negotiated can only be accomplished at a certain fixed date, either the end of the current month, or the end of the next or ensuing month. It is upon these bargains or agreements that the whole fabric of speculation rests; and it is for this reason that they exceed by more than fifty times the number of cash agreements. By means of this system, transactions take place without security (*à découvert*); in other words, *rentes* are sold which the seller does not possess, and he need only give his attention to the difference of price or rate on the day of the sale, and the rate on the day of his purchase. For instance, on the 5th May, 4 $\frac{1}{2}$ per cents. are at 89f. 50c.; supposing that a decline may take place, you sell 4,500f. of *rentes* at that rate, deliverable at the end of the month. As you have 25 days grace before handing them to the purchaser, if, on the 15th, a decline should take place, purchase *rentes* at a cheaper rate than that at which you sold; and in case the rate should keep up to the 31st, you would only have to pay the difference between the price at which you sold 1,500f. and that which you would have to pay for the same amount to meet your engagements.

All transactions for the end of the month are liquidated or settled from the 1st to the 4th of the next month, if there are no holidays. The broker's notes are made in duplicate between the exchange brokers and their clients, and have the sign-manual of all parties duly affixed.

The following is the customary form:—

1,500 francs, 3 per cent *rentes* at 63 francs; f. 31,500 francs
 Purchased of M. P——, Exchange Broker, by order and for account of M. D——, 1,500 francs consolidated rents, "*rentes*," 3 per cents, with right of property from 22nd December, 1853, deliverable at the end of the current month, or sooner at discretion, "*ou plus tôt à volonté*," against payment of the sum of 31,500 francs.

Paris, —

Done in duplicate,

F——, Exchange Broker.

This condition "*ou plus tôt à volonté*," or sooner at discretion, permits the purchaser to obtain immediate delivery of the *rentes* which have been sold to him for the end of the month by means of a discount "*escompte*," or in other words by payment in advance of the amount agreed upon. The seller has five clear Exchange days "*jours de bourse*," commencing the day after the discount, to prepare for the delivery of the paper sold, but only in cases relating to *rentes* and other transferrable paper; when it is paper payable to bearer, he is obliged to deliver it two days after the day of discount. In case of a failure in the delivery within the delay above mentioned, he who has discounted possesses the right of posting up the redemption thereof "*en afficher le rachat*," at the Exchange the ensuing day. This redemption is effected by a member of the Board of Management, "*chambre syndicale*," at the risk and cost of the defaulting party. It is by means of these discounts "*escomptes*," organized on a large scale, that violent and unforeseen crises are produced on change, when *rentes* are scarce.

Free agreements, "*Marchés libres*." The operations to which we have just alluded, are called "agreements to deliver at a fixed rate, (*marchés fermes*," in contradistinction to agreements which can be cancelled, "*marchés libres ou à primes*;" the latter being only obligatory on the settler, and entered also for the end of the current or the end of the ensuing month. In order to be enabled to ratify or cancel his agreement at the time stipulated, if he feels so inclined, the purchaser pays in a certain sum of earnest-money which is called premium, "*prime*." These premiums vary according to the chances offered on 'Change and are generally from 50 centimes to 1 franc—sometimes 1f. to 50c.

Thus the explanation of the expression—"Three per cent, with premium, end present month, 63f. of which 1f.;" means that in taking 3,000 francs of *rentes* at this rate (the capital being 63,000 francs, which you must pay to the seller at the end of the current month), and by paying an advance of 1 franc, or 1,000 francs. If *rentes* decline under the figure of 62 francs, you cancel the agreement by abandoning the earnest-money which you have deposited; while, if a rise should take place—to 64, for instance—you immediately sell the same amount of *rentes* at a capital of 64,000 francs, and by paying the sum of 63,000 francs which you owe, and on which the seller has already received 1,000 francs, you obtain a difference in your favor of 1 franc or 1,000, which constitute your profit, after deducting cost of sale and purchase due to the Exchange Broker. The current rate of *rentes* with premium, "*rentes à prime*," is always higher than that of "*rentes* deliverable at a fixed rate," "*rente ferme*," on account of the advantages which free agreements offer to the purchaser. It is also for this reason that the rate of "*rentes* with premium of 1 franc" is generally considered lower than "*rentes* with premium of 50 centimes." The business which is transacted at the Exchange, known under the name of *speculation*, is founded upon one general principle; to sell *rentes* that have been purchased during a decline, when a rise occurs. We have already seen that by means of negotiations on time, speculation could be entered into "*à découvert*," "without giving security," and without possessing large capital, it being only necessary to attend to the differences produced by the fluctuations of public securities. As the rates vary each day, monthly operations may be multiplied "*ad infinitum*," and it is not at all a rare occurrence to find transactions commenced and concluded with profit during the same meeting of the Exchange. The great secret, in fact all the science of the speculator during a rise when he has purchased "*rentes*" on time, is to know when to select the most favorable moment to dispose of them again; because, let us suppose that he has purchased 3,000 francs *rentes*, deliverable end of current month at 65 fr. 50c., and that he keeps them after a rise of 70c., in hopes that the rise will continue, and that by a sudden reaction, they should decline one 1 franc, he will have missed his chance, particularly should the decline continue until the maturity of his agreement, while he should have been satisfied with a difference in his favor of 70c.

It is for this reason that in agreements to deliver at a fixed date, *marchés fermes*, profits are generally limited, while frequently losses are not. In fact, when a person has become a purchaser, he generally sells as soon as the slightest rise takes place in the market, in case he might lose a certain profit; but when the rate declines before he has resold, he waits in hopes that it will amend and he refuses to sell at a loss. Should the decline continue to the maturity of the agreement, he is sometimes compelled to pay heavy balances at the end of the month; there is still the resource left however, of "carrying forward" (*se faire reporter*) the operation.

In agreements liable to be cancelled (*marchés libres*), on the other hand, the loss is limited, while the profit is not; because if he purchases at one franc premium (*prime*), whatever the decline may be, he can only lose the premium or earnest-money which he has paid in, and while he loses that sum to annul the agreement, he is at liberty to take advantage of the current rise in the market.

Sales with premium, (*ventes à prime*) are only of advantage to those who are possessors of public securities, who do not operate without security (*à découvert*.) Thus for instance, you purchase for cash 3000 francs (*rentes*), 3 per cent at 63f. 20c., and you immediately sell at premium for end of month at 64, of which one franc premium (*prime*), the *rentes* at a premium being worth more than the *rente ferme rentes* as we have explained above.

If the rate be maintained at a decline, and should the agreement be cancelled, you gain the premium of one franc which is forfeited to you, and the 3000 francs of *rentes* which you had purchased at 63f. 20c. now cost you only 62f. 20c.; if on the contrary, the market is rising, and the premium is not forfeited, as you have sold at 64 francs *rentes*, which you had purchased at 63f. 20c., you realise a difference in your favor of 80c.. The three descriptions of agreements (*libres*) liable to be cancelled, (*fermes*) bonds deliverable at a fixed date, and (*à terme*) on time, are very complicated and it is impossible here to do more than give the general principles upon which they are founded; experience on 'change can alone teach the ramifications to which they give rise, and in fact the most

simple operation can be complicated *ad infinitum*. We shall give an example. Speculating during a rise, you purchase on the 5th May 3000 francs (*rentes*) 3 per cent and current month at 63f., of which 50c premium, and you pay the earnest-money or premium 50c. The 9th May, the quotation of *rente ferme* consols, is 64 francs. By reselling *ferme* for a fixed date, at this rate say for end of current month, you obtain a difference in your favor of one franc, which will go to your credit on the day of settlement, minus brokerage expenses. But, through unforeseen circumstances, the rate declines 4 francs, and on the 26th May falls to 59 francs; as your first operation is not yet concluded, you make another purchase of 3000 francs at this rate, and cancelling your *marché libre* ———, by forfeiting the 50c. premium, you find yourself a seller at the rate of 64f. for 3000 francs (*rentes*) purchased at 59f., and you make thereby a profit of 5 francs less the 50c. premium, while by your first transaction you only made a profit of one franc. During a crisis when public securities are liable to great fluctuations, unfavorable chances may be avoided by speculating at the same time on a rising and falling market.

For instance :

1st. You purchase 6000 francs <i>rentes</i> , 3 per cent end current month, at 63 francs. One franc premium, which represents a capital of.....	126,000f.
On which you pay in earnest-money, premium of one franc.....	2,000
And you consequently owe end of month.....	124,000f.
You at the same time sell half that amount or 3000f. <i>rente ferme</i> at 61f. 50c*.....	61,500
Should the rate decline to 57f. 50c. you purchase at that rate the same amount.....	57,500
Leaving a difference in your favor of 4f. or.....	4,000
You then cancel your first agreement by forfeiting the premium of 1f. or.....	2,000f.
2nd. If after having purchased 6000 francs, <i>rentes</i> 3 per cent at 3f. 1 premium, capital being	126,000
You sell half <i>ferme</i> at 61f. 50c. viz	61,5000f.
The current extra of <i>rente ferme</i> is 65f. 80c. and you sell the other half at this rate....	64,800
	1,300
Total.....	127,300f.

We shall now allude to another description of speculation engaged in on change, commonly called "operations of premium versus premium" (*prime contre prime*).

Thus, you purchase 3000 francs (*rentes*), end of month at 64 francs, 1 premium, and you immediately resell them at 64 francs 70c., 50 premium.*

If at the end of the month the market is rising, and if the premiums or earnest money be returned on all sides, you make the difference of 70c. If the market is declining and earnest money is forfeited, as you have forfeited 1 franc premium, and as you only receive 50c. you lose the difference of 50c. If the market is steady at the rate of 64f. 10c., you gain the earnest-money 50c., which is not returned and you sell at 64f. 10c. *rentes*, which cost you 64f., thereby gaining a difference of 10c., total 60c., deducting brokerage charges due to the intermedial Agent or Broker. Again, you purchase 3,000 francs, *rentes* 3 per cent at 64 f. 70c., 50c. premium, and you sell immediately at 64 francs, 1 premium. Should the rate decline at the end of the month, and the premium be therefore forfeited, you realise a difference of 50c., as you have received 1 franc earnest-money, and you have only had to pay 50c. If the market is rising and the earnest-money is kept you lose the difference of 70c.

* We have already observed that the rate of *rente à prime de 50c.* is always higher than the rate of *rentes à prime* of one franc.

If the rate of Consols remains at 63f. 30c., you purchase at that rate; you forfeit your 50c earnest-money, and the 3000f. *rentes* which you have sold at 64f. only cost you 63f. 30c., thus establishing a difference in your favour of 70c. less the 50c premium and brokerage. There are some other kinds of speculation in vogue in the lobby (*coulisse**) of the Exchange, as for instance, premiums of 20c. from one day to the next, and of 10c. for the Exchange of the same day. Agreements *à primes pour recevoir*, are the very opposite of ordinary free agreements, because while the latter are obligatory only upon the seller, the former also bind the purchaser. Thus you receive a premium of 1f. for 1500 francs, *rentes* three per cent at the current rate for the end of the current month; should a rise take place, your seller can annul his agreement by forfeiting the earnest-money *prime* paid in advance. These transactions frequently take place *du jour au lendemain* from one day to the next. The three per cents are, let us suppose, at 64 francs; believing that a decline is imminent, you pay a premium of 20c. to compel the party to whom you have sold to receive from you 1500 francs *rente* at the current rate of the day. Should a rise take place, your loss is limited to the premium of 20c., because by forfeiting that sum to the purchaser the agreement is cancelled. The principle was at one time adopted in the lobby *coulisse* of subdividing lots of *rentes*, say of 1500 francs of three per cents into 500 francs, and 1000 franc lots, but this system seems to have been abandoned.

Arbitration.—We shall now explain the meaning of arbitration with respect to public securities, *arbitrages des effets publics*. An operation by arbitration with regard to public stocks, is to make an exchange of public securities in order to derive the profit which may accrue by the variation of the current rates. Thus for instance, you own 4500 francs *rentes*, 4½ per cent; the 4½ per cents suddenly rise to 92 francs, while the three per cents remain stationary at 62 francs. Feeling certain that the three per cents will in their turn rise in the market, you dispose of your 4500 francs *rente*, 4½ per cent at 92 francs

You purchase 4449 francs, three per cent at 62	-	-	92,000f.
	-	-	91,946.

And you make the difference.	-	-	54f.
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As you had anticipated, the 3 per cents rise to 64 francs while the 4½ per cents only reach 93 francs; you instantly sell your 3 per cents at	-	-	94,912f.
and you repurchase your 4500 francs 4½ per cent 93.	-	-	93,000

Difference,	-	-	1,912f.
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This operation has therefore produced a profit of $54 \times 1,912 = 1966$ francs deducting the cost of brokerage, and you find yourself possessor of the same amount of 4½ per cent "*rentes*" as before.

Arbitration.—We shall now explain the meaning of Arbitration with respect to public securities—"arbitrages des effets publics." An operation by arbitration with regard to public stocks, is to make an exchange of public securities in order to derive the profit which may accrue by the variation of the current rates. Thus, for instance: you own 4,500 francs "*rente*," 4½ per cent; the 4½ per cents suddenly rise to 92 francs, while the 3 per cents remain stationary at 62 francs. Feeling certain that the 3 per cents will in their turn rise in the market.

You dispose of your 4,500 francs " <i>rente</i> ," 4½ per cent at 92 francs	92,000f.
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You purchase 4,449 francs, 3 per cent at 62	-	-	-	-	-	91,946f.
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And you make the difference	-	-	-	-	-	54f.
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As you had anticipated, the three per cents rise to 64 francs, while the 4½ per cents only reach 93 francs;	
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* The speculators who transact business among themselves without employing brokers, bear the name of "*coulissiers*"—jobbers. They occupy a place at the Exchange, near the entrance to the basement "*parquet*." Their numerous transactions exercise considerable influence upon the rates of public securities; they generally meet at mid-day and transact their business before and after the hours of opening and closing the Exchange. The settlements which take place among them frequently produce serious consequences.

You instantly sell your 3 per cents at 64 - - - - - 94,912f.
And you repurchase your 4,500f., 4½ per cent at 93 - - - - - 93,000f.

Difference - - - - - 1,912f.

This operation has therefore produced a profit of 54 and 1,912 equal to 1,966 deducting the cost of brokerage, and you find yourself possessor of the same amount of 4½ per cent *rentes* as before.

Report du comptant à la fin du mois means the difference between the cash value of *rentes*, and their value at end of month. *Report d'un mois à l'autre*, means the difference between the value of *rentes* at the end of the ensuing month.

The increased value which *rentes* acquire at the approach of the expiration of the triennial term is the cause of this difference. *Reports* often offer to capitalists the means of realizing their funds in a most advantageous manner.

A person can by means of *reports*, invest his funds temporarily in public securities without necessarily becoming proprietor of any of these securities, and without risk, inasmuch as he is by the same operation purchaser at one date and seller at a later date, and thus a rise or decline in the market is to him a matter of indifference; the profit is limited to the difference between the rate of purchase and the rate of sale which constitutes the interest. These *reports* may be considered as loans on public securities and may be classed in the same category as mortgage investments. One person may wish to borrow on the security of *rentes* of which he will not dispose; another may invest his capital for a month or two taking *rentes* as collateral security. In such cases, the Exchange Broker becomes the medium so that at the maturity of the transactions the tender on the one hand receives the amount of his capital by cancelling the registration of his claim and the borrower returns the amount of his loan in exchange for the certificate to the effect that the claim is cancelled; the broker who knows his client becomes responsible to the *reporteur* for the amount of depreciation in value of the security which might ensue in case of a fall in the market.

This operation is of daily occurrence involving very large sums of money, and although it may be considered as a transaction on time *à terme*, it is nevertheless legitimate, and is decided so to be, by all the tribunals. The meaning of *report sur prime*, is the purchase for delivery and current month of a certain amount of *rente ferme*, consols which are immediately resold *à prime*, at a premium deliverable at same time. You purchase 300 francs *rente*, at 63 f. 50c. and current month, representing a capital of 63,000 francs, and you sell at a premium *à prime*, at the rate of 64f. 24c. of which 1 franc premium representing a capital of 64,200 francs. If the earnest money *prime* be recovered, you make the difference of 70c. if you are allowed to keep it, you find yourself purchaser of 3000 francs *rente* at the rate of 62f. 50c. *Reports* also serve to extend operations either in a rising or declining market, and in the following manner.

Let us suppose that you have purchased *rentes* deliverable end current month at 62 francs, and that they have remained at a decline say 61 francs; if you think that there is a probability of an approaching rise in public securities, you sell at 61, and after having paid the difference, you immediately purchase deliverable end ensuing month at 61fr. 40c. provided the rate of *report* transfer, from one month to the other be 40c. This is what is termed *se faire transporter* to effect a transfer. The same operation takes place in an opposite manner when the funds are on the decline; a person purchases for end current and sells for end ensuing month. This is what is termed *reporter* transferring. Another way of recovering from the effect of a losing operation, is to enter into a transaction on 'Change called "commune" "average purchase." Thus, for instance, you have purchased 3000 francs *rentes* 3 per cent at 63; they decline to 61; you purchase 3000 francs more at this rate, and you find yourself in possession of 6000 francs purchased at the average rate of 62 francs. If therefore, the rate rises above 62 francs, you make a profit. Perhaps the details into which I have entered with regard to the operations of the Exchange will be found rather lengthy; but should a landed credit institution ever be established in the country, the direction and shareholders will not be very long without perceiving, how applicable the rudimentary knowledge of Exchange transactions will be, and the advantages to be derived from that knowledge in the negotiation of the bonds *lettres de gage* of the institution. As it is one of the principles of the L. Credit Institution

never to loan money at a higher rate than the rate I said for the negotiation of its own bonds, it nevertheless is very clear that this estimate must include costs of brokerage and other expenses which may have to be disbursed in procuring the necessary capital. Note must at the same time be taken at the premium and descent which may vary on change and affect the value of the bonds *lettres de gage* of the Institution. It may occur that the L. C. Institution will be compelled to issue bonds bearing different rates of interest to try the market particularly in the commencement of operations, when the the English and Canadian stock markets will both have to be tried. These different rates will form series of issues. These bonds will be negotiated at a high or low rate, at a premium or at a discount, in a decline or in a rise of the market, according to the demand, and the credit which they may at the moment enjoy. In this case it would be necessary to reduce the whole to par in order to arrive at the rate of the loan and the annuity. Let us suppose that the L. C. institution issues bonds payable in 20 years bearing 7 per cent interest, and that they bring a premium of 10 per cent in the market, or in other words that \$100 produce \$110; then, instead of changing an annuity of \$10.44 (See Table 7, page —) the institution would only charge \$9.46 on a loan of \$100.

If, on the contrary, bonds are negotiated at a loss, suppose for example that \$100 only produce \$90, for the same time and at the same rate of interest, then the institution would be compelled to charge an annuity of \$11.60 on \$100 instead of \$10.44 as in the former case.

It is very easy to calculate the annuity according to the current rate by the following rule of proportion:—The rate on change is to the par rate, what the annuity of par, is to the annuity sought for. In order to arrive at the amount of annuity sought for in a very correct manner, the calculation must be made after deducting the portion included for cost of management from the annuity of par, and then adding it to the annuity arrived at by the calculation.

MECHANISM.

Commercial Banks loan money to trade. Merchants by promptly and easily turning over their funds, can without difficulty meet their engagements at short dates. Banks which loan money at short dates, can issue notes payable on demand for a larger amount than they have in specie in their vaults. Thus they easily find capitalists to invest in their stock. But these banks cannot loan at long dates, on account of the very nature of the principles upon which they found their operations. The farmer cannot borrow at short date, the revenue of his farm is slow in coming; crops are only husbanded once a year, and they only represent the interest on the value of the immovable, or but little more. He cannot therefore borrow a sum, comparatively large for the value of his farm, except on the condition of paying each year the interest, with a fraction of the capital, according to the revenue derived from his farm.

In many cases, if not in all, by borrowing on any other condition, he is sure to be subjected to considerable embarrassment, if he is not completely ruined.

It became necessary therefore to establish institutions which while loaning money at long dates could at the same time procure a sufficient amount of capital to meet the requirements of borrowers. These sums were very large, as the reimbursement of the capital invested was only to take place after in number of years. No financial institution of itself could furnish the requisite capital. The profits offered by the Landed Credit institution were too small to tempt capitalists in sufficient number or of sufficient wealth to permit of their carrying on the institution alone. In fact the Landed Credit institution must disburse enormous sums to enable it to exist, while it cannot use its capital annually for the purpose of renewing loans. Each year, there is a new issue of funds, and the capital loaned the first year must be multiplied by the number of years to elapse before maturity of the loan, less of course the sinking fund paid in by annuities during that time. This question seemed to be the cause of grave difficulty. It was at one time thought that the Landed Credit institution could be organized on the same principle as Commercial Banks; this principle was in fact the first which presented itself to the consideration of those who desired to come to the assistance of the agricultural class. But it was found that it was impossible to organize the institution on such a basis. There are in finances as in mathematics certain fixed rules and principles which cannot be departed from without danger. These principles which are known to all economists are: *The proportion of funds in hand,*

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in its relation to the amount of paper issued to represent those funds, should be regulated by the period of loans. Kauffmann Bühring, merchant of Berlin, first solved this problem. It was certainly difficult to establish an institution which would loan money at long dates, and have continually on hand a sufficient sum in cash to meet its engagements, and at the same time never have too much money on hand in case of loss, or the possession of dormant capital. He discovered the solution, and it is this:—*To divide the transaction, the people with one half on one side, and the banker with the other half on the other*—This was a happy idea. With a view to its organization he made the following proposition:—

That a society be formed of a certain number of persons; that it be composed of persons, whose social importance, capacity and integrity, would command confidence; that the society be the medium through which all those persons desirous of loaning, and those desirous of borrowing should transact their business. The institution, by undertaking the responsibility of examining and assuring the perfect sufficiency of the immovable security offered by the borrower, saved the lender the trouble of searching for titles and at the same time gave a sufficient guarantee as to its own solvency.

From that moment, the mechanism of the institution became a matter easily determined upon. The institution gave to the lender an obligation under its sign, manual and seal, payable at a certain date, and bearing a certain rate of interest agreed upon; with one hand it received the money from the lender, and with the other passed it to the borrower, who for his part gave an obligation to the institution as a first mortgage on a property worth double the amount of the loan, bearing a stipulated rate of interest, with a per centage for cost of management; the latter obligation being payable at a date to correspond with the former obligation granted by the institution to the lender. Having received the obligation from the borrower, the institution re-issued an obligation of similar amount to enable it to procure the funds to make fresh loans; and so on, according to the wants of all.

LANDED CREDIT BONDS.—“LETTRES DE GAGE.”

The obligation or bond issued by the institution was called “*lettre de gage*,” (Pfand-Brieffe). This bond is the collective guarantee of the Association instead of the individual guarantee of the borrower; it is the process of rendering his immovables a moveable; it is for the purposes of negotiation and circulation of the bill of exchange of the Landed Credit Association. In a short time these bonds, “*lettres de gage*,” rose to par, then commanded a premium, and were negotiated on ‘change, where they were sought for by all classes of capitalists who had money to lend or mortgage. Later, the institution paid the borrowers in bonds, “*lettres de gage*,” and they negotiated them. This is the system now generally adopted by the L. C. institution of Europe. In this way, the institution never kept capital on hand, and had the opportunity of procuring as much as it required. These bonds “*lettres de gage*” were in reality drafts on the public, at sight, which were to be re-paid with annual or semi-annual interest. These bonds are made payable to bearer or order. At first, these bonds were drawn out without being made payable at any particular dates, but according to the will of the owner, provided always that a regular notice was given to the institution. This notice was called “*dénouciation*.” A grave error was committed in permitting the bearer to have the right of asking for payment in full of these bonds at any time by giving the requisite notice, “*dénouciation*.” It might happen that a large amount of these bonds would be presented at the same time, perhaps when it would be difficult for the institution to obtain the funds necessary to their liquidation. This did at last happen. The experience thus obtained proved a salutary lesson, and from that time the right of notice “*dénouciation*,” has been taken away from the holders of bonds “*lettres de gage*.” These institutions reserve the right of redeeming a portion of their bonds annually, and the bonds to be redeemed are specially selected by lottery, “*tirage au sort*.” Some institutions insert in the body of their bonds a clause regarding the payment of interest; others affix “*coupons*” of interest to their bonds “*lettres de gage*,” or these “*coupons*” are delivered separately. The form of these “*lettres*” is of very little importance, provided that the obligation to pay the sum, the rate of interest, the time, place and other conditions of payment be therein specially stated, with the seal and requisite signatures attached. The Statutes of the institution should nevertheless regulate this form.—These bonds are generally declared to be free from seizure for debt, and no attachment can be issued against them in the hands of the institution, whether to seize, prevent or

suspend their payment. When the "*coupons*" of interest are separated from the bond, the bearer may present them at the counter of the institution without presenting the bond itself, and he can negotiate them at his pleasure. When the bond is redeemed by lottery or otherwise, the institution may retain from the amount the value of the "*coupons*" which are not yet due, presented and paid.

The bonds "*lettres de gage*" themselves are sometimes subdivided into "*coupures*" slips. It would appear to me to be a better plan to make the bonds of a small amount, to render them accessible to every body.

The following statement will show the quantity of bonds "*lettres de gage*" in circulation in Prussia and several of the neighboring countries, during the years mentioned in the table:—

COUNTRY.	Population.	Years.	Amount of circulation.
PRUSSIA.			
Province of			
Silesia (provincial association)	3,065,809	1839.....	133,232,218 fr.
Silésie (royal institute)		1838.....	3,337,500
Brandebourg (provincial association).....	2,066,993	1837.....	44,557,338
Pomerania, id.....	1,165,073	1837.....	55,602,844
Prussia West, id.....	1,019,105	1837.....	38,836,530
Prussia East, id.....	1,480,318	1837.....	42,164,250
Posenania, id.....	1,364,399	1844.....	50,502,500
Westphalia, id.....		Unknown.	
OTHER STATES.			
Hanover (all the united associations) (1).....	1,758,847	1844.....	34,000,000
Mecklembourg, id.....	624,477	1846.....	15,043,680
Saxony, id.....	1,836,433	1846.....	3,750,188
Bavaria, id.....	4,504,874	1849.....	30,000,000
Wurtemberg, id.....	1,725,167	1846.....	11,930,930
Hesse Electoral, id.....	754,500	1841.....	37,928,254
Baden, id.....	1,335,200	1840.....	1,342,910
Nassau, id.....	424,817	1840.....	6,420,000
Hamburg, id.....		Unknown.	
Gallicia (Austria), id.....	4,702,388	1843.....	11,414,016
Totals.....	27,827,990	Totals	540,423,158

(1) Association of Lunenburg, in 1854, 5,625,000fr. more or less.

Association of Calenberg, in 1844, 5,625,000fr. do do

Association of Bremen and Verden, in 1844, 3,750,000 fr. do do

Landed Credit Institution, in 1844, more than 15,000,000fr.

Association of West Greece. Unknown.

BOND OR LETTRE DE GAGE.

Devis......

100 FLORINS CONVENTIONAL MONEY. BOND "LETTRE DE GAGE."

For one hundred dollars Conventional Money, twenty of which are equal to one Marc of Cologne, of fine silver, and three Kreutzer pieces equal to one Florin, bearing interest at 4 per cent. per annum.

The capital will be paid to the bearer to the person whose name is registered according to the drawing, *tirage au sort*, provided for by the statutes, or the extra judicial notice of the establishment, in exchange for this bond, or to the bearer of the Coupon which has matured, and in exchange for the said *Coupon*. These payments will be made at the Office of the Credit Institution at Lemberg.

This bond has been issued under the control and guarantee of the States of Galicia, in pursuance of a resolution of the Board of Management. It is part of the number _____ bonds issued in 1841.

Lemberg, 1st January, 1841.

For the Credit Institution of the States of Galicia.

The Director,
N. N.

The President of the Board,
N. N.

This bond has been issued in virtue of a loan contracted by the Directors of the institution which is inserted in the State Register.
Lemberg, 1st January, 1841.

The President of the Commission of Supervision,
N. N.

Assessor.
N. N.

The Accountant,
N. N.

No. of Order.....

The Secretary,
N. N.

Credit Institution of Galician States.

bond, the
bond itself,
lottery or
" which

"coupures"
mount, to

n circula-
tioned in

unt of
lation.

32,218 fr.
37,500
57,338
102,844
38,530
64,250
102,500

000,000
43,680
50,188
000,000
30,930
88,254
42,910
20,000

14,016
23,158

LANDED CREDIT INSTITUTION OF FRANCE.

Property Obligation of 1000 Francs in Favor of the Bearer.

No. _____

No. _____

The amount of Property obligations cannot exceed the amount of loans realised.—(Act 14 of the decree of 28th Feb., 1852.)
The present obligation is part of the 200 thousand obligations created in virtue of the deliberations of the General Assembly on 31st December, 1852.

It is to be redeemed with the sum of 1,200 francs, by drawing lots, *tirage au sort*, within 50 years, commencing 1st May, 1854.

It gives right to an interest of 3 per cent. per annum—say 15 francs per half year—the 1st May and 1st November, and to 4 drawings of lots, *tirage au sort*, per annum according to the table on the other side.

Registered at Paris, the _____ 185 _____ n°

Received 11 centimes, tenths, *decimes*, included.

Examined by the Government Commissioner.

Paris the _____ 185 _____
The Managers. The Director.

LANDED CREDIT INSTITUTION
OF FRANCE

Obligation No.—

Coupon of 14 francs due 1st May,
1854. (1)

[1.] Note.—Each obligation has 20 Coupons of interest.

LANDED CREDIT INSTITUTION OF FRANCE.

100.

Tenth part of Property Obligation Payable to Bearer.

No. 100

1st Slip.

"COUPON SLIP" OF ONE HUNDRED FRANCS.

The amount of Property Obligations cannot exceed the amount of loans realised.—(Act 14 of decree of 28th Feb., 1852.)

The present *Slip Coupon* is to be redeemed with the sum of 120 francs by drawing lots within 50 years, commencing 1st May, 1854. It gives right to interest at 3 per cent. per annum, or 3 francs per *Slip*, payable 1st Nov. each year, and participation every 3 months in the chances of the lottery drawings mentioned in the table on the other side.

A special drawing of 10 numbers of *Slips*, into which the Property Obligation is subdivided, will take place before the drawing of the Obligations, and it will be thus decided which *Slip* will receive the prize granted to a winning Obligation.

Registered at Paris, the _____ 185 .

Received 11 centimes, tenths, decimes, included.

Examined by the Government Commissioner.

Paris, the _____ 185 .
Managers. Director.

LANDED CREDIT INSTITUTION
OF FRANCE.

Slip No. _____
Interest, 3 francs due 1st November,
1854. (1.)

(1.) Note.—Each slip has 20 Coupons of interest.

LOTTERIES "TIRAGE AU SORT."

As the Institution receives each year through the sinking fund a portion of the total amount of bonds issued in any particular year, nothing can be better than to use this fund to redeem a corresponding amount of bonds, in proportion to the recovery of the sums set apart as a sinking-fund against the obligations of borrowers, and this of course stops the payment of interest on these sums. To accomplish this, all the bonds are numbered and registered, distinguishing one year from the other. Corresponding numbers engraved on wood, ivory or metal, with the year, are placed in a wheel, and the drawing takes place at certain dates fixed by the rules of the Institutions. There is a wheel for each year, during which an issue of bonds has taken place. From each wheel there are as many numbers drawn as the receipts of the Institution will permit payment of. The winning numbers are published, so that the owners of bonds may come forward to demand payment. All interest ceases to accrue on any bonds thus drawn from the wheel, from the date of publication in the newspapers. Some institutions continue the payment of interest until presentation, but this seems to me to be very inconvenient as well as a loss to the institution, which can derive no profit from the funds which it has on hand to pay the bond, which may be presented at any moment.

LOTS AND LOTS WITH PREMIUM—"LOTS ET LOTS ET PRIMES."

When the operations of a Landed Credit Institution are commenced in any country, the Directors are sometimes obliged to give a premium on the bonds which it may issue. This is generally done when their rate of interest is lower than the current rate. It was in this principle that "Le Credit Foncier de France" granted a premium of 200 francs on bonds of 1,000 francs, bearing 3 per cent interest, or in other words, the Institution promised to pay 1,200 francs at the maturity of the bond. At other times "*lots*" lots are added to the "*prime*" premium; that is to say, that in addition to the premium, the first "*lots*" which are drawn in the lottery gain a certain amount of money as prizes—more frequently however, these "*lots*" are without premium. This premium "*la prime*" is not viewed with much favor; the inconvenience to which it gives rise is greater than the advantages which it affords. "*Lots*" are generally in favor; but it is still a question whether the profits which they may give are equal to the inconvenience to which they give rise. It is necessary of course in such matters to consult the national taste. These prizes which are by chance granted to certain numbers which are first drawn, are paid out of the interest which has been reduced to offer a reward to the tenders who prefer contenting themselves with a smaller rate of interest to keep the chance in the lottery. The object is a good one, to reduce the rate of interest gradually. Several persons in France prefer to invest in bonds bearing 3 per cent interest with "*lots et prime*," lots and premium, to taking those which bear four per cent interest without premium, and even those bearing 5 per cent interest without either lots or premium. The Institution shall have the privilege of adopting this system, if it suits its interest, but it should not be made compulsory.

The lottery-drawing is fixed upon for certain periods during the year. In France, there are four annual drawings. The following is the distribution of prizes, and the dates of drawing in France:—

Drawings of the 22nd March, 22nd June and 22nd September, 1863.

The 1st number drawn will receive	100,000 fr.
The 2nd do do	50,000
The 3rd do do	50,000
The 4th do do	20,000
The 5 numbers next in order will receive each 10,000 fr.....	50,000
Total per 3 months.....	
Total of 3, 3 monthly drawings.....	270,000
	810,000 fr.

Drawings of 22nd December, 1863.

The 1st number drawn will receive.....	100,000 fr.
The 2nd do do	50,000
The 3rd do do	50,000
The 4th do do	40,000
The 5th do do	30,000

The 6th do do	20,000
The 7th, 8th, 9th, 10th, 11th and 12th numbers will receive each 10,000 fr.	60,000
And the 8 following numbers each 5,000 fr.....	40,000

Total for the fourth quarter..... 390,000

Total of lots for the year..... 1,200,000 fr.

Quarterly lots of each of the following years :

Drawings of 22nd March, 22nd June and 22nd September.

The 1st number will receive.....	100,000 fr.
The 2nd do do	50,000
The 3rd do do	20,000

For each of the 3 first quarters..... 170,000

Total for the 3 quarters..... 510,000 fr.

Drawing of 22nd December.

The 1st number will receive.....	100,000 fr.
The 2nd do do	50,000
The 3rd do do	40,000
The 4th do do	30,000
The 5th do do	20,000
The 6th do do	10,000
And the following numbers each 5,000 fr.....	40,000

For the 4th quarter..... 290,000

Total of lots each year..... 800,000 fr.

SERIES.

The bonds which bear the same rate of interest and contain the same conditions, are classed in the same series. The Series serve to establish a distinction between bonds bearing different rates of interest or containing different conditions as well as the different dates of maturity.

HOLDERS OF BONDS.

The holder of bonds never applies to individual lenders, but he applies to the institution for the payment of interest and capital at maturity.

The holders in addition to the certainty of receiving their interest regularly and without trouble or inconvenience, while they have the very best guarantee in their titles which are represented by the mortgages of all the borrowers in the first place, and then on the collective guarantee of all the shareholders in the institution; have also different special privileges which vary according to the country. Thus, in Wurtemberg, they have the right of taking part in the discussion of all measures relating to their interests. These creditors or holders of bonds may, by the votes of those most deeply interested, appoint a Commission of one or three delegates to attend to their interests. The appointment may be personal or collective. This Commission has the right:

- 1st. To be heard when loans are made, or mortgages are examined.
- 2nd. When mortgages are exchanged or purchased.
- 3rd. When "rentes" are bought or sold.
- 4th. When the adoption of measures against defaulting debtors is under discussion.
- 5th. When the accounts of the year are audited.
- 6th. To give their advice with regard to all measures of importance to the institution.
- 7th. To assist the Assessors in discovering the real condition of "rente" or mortgage obligations.

All creditors have the right by their own act or by proxy.

1st. To take copies at any time of the proceedings, deeds, registers and other papers belonging to the institutions.

2nd. To take part in the proceedings of committees and general meetings, but without the right of voting, they can communicate the views, propositions and wishes which are duly discussed. The general convocation resolved in 1828 to allow a reasonable fee to those delegates from the funds of the institution. In Galicia, the Landed Credit Institution offers to its creditors the following guarantee that it will meet all engagements.

- 1st. The ease with which execution can issue against any of its debtors.
- 2nd. The resources placed at its disposal by the sinking fund.

3rd. The rigorous punctuality with which it proposes to meet all its engagements. In case the institution should fail to fulfil its engagements with the holders of bonds, in an exact and satisfactory manner, the latter can demand redress before the tribunal of Lemberg, and can take proceedings against :

A. The institution itself directly.

B. The seizure of all property in the hands of the institution.

C. Finally, they can call upon the State to pay, in virtue of the guarantee given.

A commission of enquiry appointed for the purpose of examining into such claims, is obliged to report within three days upon the merits of those claims.

CURRENT RATES OF BONDS.

Mons. Josseau's report shews by facts which are highly interesting, that the credit of Landed Credit bonds was maintained even in the midst of the political and financial crisis which since 1848 has disturbed Germany as well as France. In 1848, he says, the revolution of February affected the rate of all kinds of securities; thus, during that year, the average rate of $3\frac{1}{2}$ per cent. Landed Credit bonds was 93 in Silesia and Pomerania; in West Prussia 83; in East Prussia 96.

"But he adds very judiciously," in order to appreciate these rates in an adequate manner, they must be compared with the rates of other public securities which have declined enormously since 24th February, 1848.

Thus, Prussian "*rentes*," were quoted at an average rate of 69 per cent; shares in the Bank of Prussia at 73 per cent, &c., &c. The comparison is therefore clearly in favor of landed credit bonds, particularly if we take into account, the influence which must have been increased against the rate of these territorial securities by the several public loans which were contracted one after the other in Prussia. "In 1850, the comparison can be as fully sustained; thus, while the public debt in Prussia ($3\frac{1}{2}$ per cent,) was at 86 $\frac{1}{2}$, (April, 1850), landed credit bonds ($3\frac{1}{2}$) of the several Landed Credit institutions of Prussia were at from 90 to 94 $\frac{1}{2}$ per cent; the Posen Landed Credit bonds are negotiated at the present moment. (January, 1851) at 102; those of Meckenbury at 103. In spite of the competition caused by the loan of 80 millions contracted at Hamburg after the fire of 1842, these bonds are eagerly sought for, &c., &c."

From these facts, we can draw a very important conclusion; it is, that while Landed Credit bonds are affected by political and financial crisis as well as other public securities, they stand them much better.

There is no reason for believing that this result would not have been equally arrived at in France, and the proof that such is really the case is that the debentures of the old civil list which are in reality Landed Credit bonds, (without however possessing all the advantages granted by legislation to the Landed Credit bond) are constantly quoted on 'change at Paris, at a higher rate than their value, while public securities remain at a rate from 8 to 10 per cent less. "Landed credit bonds" says Mons. Dumas, Minister of Commerce and Agriculture, have a value which may be considered fixed; they are not affected by the fluctuations of public securities. The depreciation in the value of the latter to which political events give rise do not affect the former, and they do not hold out any encouragement to stock-jobbers. "But the question is asked" says Mons. Josseau, during a crisis, what will become of these institutions? As the annuities are not paid in regularly, will they not have to wind up their affairs? Nobody would for an instant affirm that it can be possible for our country to be always saved from agitation or public calamities which produce such disastrous effects upon industrial interests. But if the fear of these accidents were to present the establishment of useful institutions of this kind, the *statu quo* in which our country would be soon left would prove to be the very worst of conditions. Has not Russia felt the battle of Jena? and have they not experienced in those countries the reaction of the revolution of February? And in spite of all this, as we have already stated, even to the present day, Landed Credit institutions have continued to progress with a regularity peculiar to themselves. Landed Credit bonds have been less affected than any other kind of security.

In 1845 the Landed Credit bonds of Wurtemberg were negotiated at 124 per cent. premium. "In order" says M. Josseau, to give an exact and clear idea of the undoubted security offered by these bonds, we shall reproduce the rates at which they were quoted on 'Change at Berlin and Stettin during the critical years of the last French Revolution:

30th September, 1848, at 3½	- - - - -	99 per cent.
30th January, 1849	- - - - -	91 "
1st March	- - - - -	92½ "
1st October	- - - - -	95 "

The following are the rates of 1850 for Pomerania as well as the other Landed Credit Institutions of Prussia, 11th April, 1850 :—

	Rate of interest per annum.	Rate.
Pomerania	3½ per cent.	95½ per cent.
Marches of Brandenburg	"	94½ "
Prussia East	"	93½ "
Prussia West	"	90½ "
Silesia	"	95½ "
Grand Duchy of Posen	3½ per cent.	90½ "
Idem	4 per cent.	100½ "

We will add by way of comparison the following rates :—

Shares in the Royal Bank of Prussia	3½ per cent.	94 per cent.
Public Debt	3½ "	86½ "
Voluntary Loan	5 "	106 a 105½ "

Thus, in the provinces in which the rate of Landed Credit bonds is the lowest, in West Russia and the Duchy of Posen, the rate exceeds 90, while the public debt which produces the same interest 3½ per cent per annum does not reach 87. In other provinces, they are worth 93 to 95 and more; those of Pomerania stand at the head of the list, and are enquired for at 93½; before the revolution of March, the latter were sometimes worth 110 and over.

The bonds of the different L. C. institutions possess this important feature that their value is uniformly greater than the rate of Government securities.

INTEREST.

Interest is the rent paid for the use of money or its equivalent.

Letting out (*Louage*) is always effected for a certain profit; a loan is sometimes gratuitous, then it cannot be called letting out; in other cases, when for a profit, it is similar to letting out. A loan of money for interest is the letting out of that money. Money, like every other article which is loaned, is considered by the borrower as certain to be of some profit and advantage to him; and it is for this reason that he consents to pay a high or low rate of interest. On the other hand, the lender examines the risk which he may run in loaning his money, the security offered, and the measure of confidence which he may be justified in having in the morality, honesty, probity, industry and resources of the borrower. After obtaining this guarantee and this confidence, he requires, in addition to the mere interest, a premium, which is a premium of insurance against loss, high or low in rate, according to the risk incurred. If there should be no risk and the security ample, no premium would be asked for. The rate of ordinary interest is regulated by the law of demand and supply, in the same manner as any other article which may be rented. Thus, if there should be a considerable amount of capital offered, and but little demand for it, the rate of interest would decline; if, on the other hand, capital were scarce and the demand great, the rate of interest would rise. I allude to this subject in general terms, when the loaning of money is not affected by laws limiting the rate of interest or any other special circumstances. Without considering the opportuneness or the efficacy of legislation regarding the rate of interest, which is not part of the object of this work, I shall attempt to discover the means of placing the borrower in a position towards the lender which would be satisfactory to the latter through proof of the sufficiency of the security offered, thus saving the necessity of the charge of a premium in addition to the ordinary rate of interest. It is particularly in the interest of the agriculturist who borrows on mortgage that the solution of this problem is so necessary and desirable. Loan on mortgage is certainly the most secure investment of all, but the existence of defective registration laws renders such loans very precarious. It frequently happens that after having taken all possible precau-

tions before loaning capital on mortgage, the lender finds himself compelled to lose the amount loaned, by the discovery of the existence of previous mortgages or privileges not registered against the property.

If we take into consideration the difficulty attending the verifying of registration and titles to landed property, which are affected by so many legal provisos, the costs, the tardiness of suits at law, oppositions, and everything which accompanies judicial proceedings, we cannot be surprised that capital avoids investments in mortgages on landed property, to seek for others which are more easily realised.

Lenders, as a general rule, do not possess sufficient legal knowledge to ascertain the validity of titles to landed property, and if they did possess it, they would be scarcely disposed to take that trouble.

It becomes necessary, therefore, to find a medium which will undertake these legal researches, and relieve the lender from all trouble. This medium is the "*Landed Credit Institution*." Possessing ample power and exceptional facilities for ascertaining the validity of titles, and for obtaining regular payment, it relieves the lender from all fear and trouble both in legal investigations and the recovery of capital and interest. This would lead to a reduction in the rate of interest on mortgage loans; the lenders, placing the greatest confidence in the institution, would not hesitate to consign their capital to its care, to be by it invested in mortgages. On the other hand, borrowers, knowing where loans are to be obtained, would apply to the institution. This also would lead to a reduction in the rate of interest. In fact, it often happens that a person who wishes to borrow, without knowing to whom he should apply, consents to pay a higher rate of interest to the lender to whom he has applied, than he might have paid if he had known that many others were desirous of loaning. But a reduction in the rate of interest is not all; the greatest difficulty under which the farmer labors is not so much the interest, as the repayment of the capital which he has invested in his property.

The soil only returns very slowly the capital which the farmer has invested in improvements. He can only repay by annual payments of a small portion of his debt, and the terms should be so arranged. This brings us to the question of the *sinking-fund* "*amortissement*," to which I shall allude in a separate article, because in it is involved the combinations of compound interest. Interest being the annual rent of money loaned, it may not be uninteresting to embody in this work a table of interest on one dollar, shewing its progress from day to day, and from month to month. When we have found the interest on one dollar, in order to obtain the interest on this capital, it is only necessary to multiply by any particular capital. There are several works in existence containing tables of simple interest; but as they nearly all contain but two decimals, and are not, therefore, sufficiently correct to be used in the extensive operations of the "*Crédit Foncier*," I shall use seven decimals. The rate of interest varies, according to agreement. Interest is computed by the year. The use of algebra greatly facilitates the working of several complicated calculations, particularly of compound interest; it is applied by the adoption of general forms, which represent every amount, capital, rate of interest, rate of sinking fund, and number of years.

In the algebraical forms I shall use the following letters and abbreviations:—

A	means	annuity.
a	"	sinking-fund. (<i>amortissement</i> .)
c	"	capital.
d	"	double, treble, &c.
f	"	costs of management. (<i>frais</i> .)
m	"	amount of capital and interest together. (<i>montant</i> .)
n	"	number of years or parts of one year.
nom	"	number corresponding with.
s	"	amount of \$1, and interest upon that amount for one year. (<i>somme</i> .)
S	"	amount of arithmetical or geometrical progression. (<i>somme</i> .)
t	"	rate of interest on \$100. (<i>taux</i> .)

We find the interest of any capital by the following proposition :—

$$100 : t :: c : x = \frac{ct}{100} = 1.$$

At the end of a certain number of years the interest would be—

$$\frac{net}{100} = ni$$

A sum of money invested produces interest at the end of the year. This interest and capital together, in one sum, are called amount. If the sum and interest are left to another year, and the interest be added to form a new capital, which will in its turn produce interest, the investment is at compound interest. I shall speak of compound interest in the article on the sinking-fund.

If, on the contrary, the interest be not added to the capital to create new interest, then there will be but the principal which will annually produce the same interest, which, multiplied by the number of years, will give the total amount of interest, and the amount will be :

$$m = c + \frac{net}{100} = c + ni.$$

If a sum similar to that first invested be annually added, and it has been allowed to remain at interest, these several investments will annually produce an amount of interest which will progress uniformly by the successive addition of the interest of the year to the amount of the interest of the preceding year. Thus for the first year the investment will be c ; the second year there will be a second investment c , and the investment of the preceding year having produced interest i , the second year it will be $c + i$. These several investments can be represented by the following annual series :

$$c, c + i, c + 2i, c + 3i, c + 4i, c + 5i = 6c + 15i.$$

We thus find that this series forms an arithmetical progression of which the first term is c , and the sixth (last) is $c + 5i$, the ratio of which is i . We also find that the amount of all the investments is equal to the amount of the 1st investment multiplied by the number of years or terms of progression; that the interest of any particular year is the simple interest multiplied by the number of years minus one; and that the amount of interest is equal to the interest of the last year multiplied by three, that is to say by half the number of years.

If progression were continued for any number of years n , we would find that the amount of annual investments is equal to the first investment multiplied by the number of years, and that the amount of interest is equal to the interest of the last year multiplied by half the number of years. The sum therefore, or the whole amount of annual investments with interest, may be represented by the form :

$$m = cn + (in-1) \frac{n}{2}$$

This equation is equal to the total of a progression, the first term of which is c , the last being $c + in-1$, and the number of the year is n ; that is to say to the first term plus the last term multiplied by half the number of terms.

$$\text{In effect } m = cn + (in-1) \frac{n}{2}; m - cn = (in-1) \frac{n}{2}; 2m - 2cn = (in-1)n; 2m = 2cn + (in-1)n; 2m = (c + c + in-1)n; m = (c + c + in-1) \frac{n}{2}$$

Now c is the first, and $c + in = 1$ is the last term of the progression, therefore, &c. If we wish to arrive at the amount of interest only derived from a uniform investment at the end of a certain number of years, in such a case the 1st term of the progression is the interest itself, which will be the *ratio* at the same time, and the result will be:

$$i + 2i + 3i + 4i + 5i + 6i \dots = 21i = (i + 6i) \cdot \frac{1}{2}$$

In this progression of interest, it will be remarked that the interest of any particular term is equal to the interest of the first year multiplied by the number of years. It will also be found that the amount of interest is equal to the first term *plus* the last, multiplied by half the number of terms; and although the progression has only been pushed on to the sixth year, we will always find, by continuing it any number of terms n , that the result will be the same. We thus have the form:

$$S = (i + in) \cdot \frac{n}{2}$$

If we wish to ascertain in what time a capital is doubled or trebled, &c. it is merely necessary to find when m will be equal to $2c, 3c$, &c. By representing $2, 3$ etc. by d , we have the equation $m = dc$. But $m = c + ni$; then $dc = c + ni$; $d - c = ni$; therefore

$$n = \frac{d-c}{i}$$

which is the form.

Application—To find the date at which a capital of \$100 at 6 per cent. interest would be doubled. Substituting figures, we have the following:

$$n = \frac{200-100}{6} = \frac{100}{6} = 16.66$$

or 16 years and sixty-six hundredths of a year. Multiplying 66 by 365 (days of the year) and dividing the product by 100, we find 240 days and a fraction. Thus, a capital is doubled at 6 per cent. interest in 16 years and 241 days. The trouble of multiplying 66 by 365 may be saved by referring to the decimals of days, the two first of which are 66. (Table No. 1, page 62.)

In order to find the interest of one day, it is only necessary to divide the interest for one year by 365. Having found the interest for one day, you have to multiply that amount by 2, 3, 4, &c., to obtain the interest for 2, 3, 4, &c., days. If we prefer finding the interest for a certain number of days in one calculation, we divide the number by 365, and this will give the decimals of that number of days, and by dividing the quotient by 100 we will have the interest at 1 per cent. The number of days may be represented by n and to find the decimals of the days we have the form $\frac{n}{365}$. The form to find the decimals of the months may be represented by $\frac{n}{12}$.

In tables Nos. 1, page 56, and No. 2, page 68, which give simple interest on one dollar at the rate of from 1 to 10 per 100, I have placed the decimals of the days and months in the first column of each table.

These decimals of the days divided by 100 give exactly the interest of one dollar at 1 per cent. for a corresponding number of days. I used this as a basis in preparing these tables; I also limited the interest to 7 decimals, and the last column to 6 decimals, and in the days I have only used 5 decimals. In order to arrive at the interest at other rates, it is only necessary to multiply the interest at one per cent. by the rate required.

Although my principal object in using the decimals of days was to enable me to prepare tables No 1 and 2, I thought it better to allow them to remain, as they might be useful to calculate discount, as well as the deduction which may have to be made from the wages of servants, rents, life pensions, and other questions of the same nature; the principal or rent of which is only payable at the end of the year, or which are calculated by the year. By multiplying the sum due at the end of the year by the decimals of any particular number of days, we obtain the result for that number of days.

TABLE

Interest on \$1, for all the days of the year,

Days.	Decimals of days.	1 per %	2 per %	3 per %	4 per %
1	0.00274	\$0.00 00274	\$0.00 00548	\$0.00 00822	\$0.00 01096
2	0.00548	0.00 00548	0.00 01096	0.00 01644	0.00 02192
3	0.00822	0.00 00822	0.00 01644	0.00 02466	0.00 03288
4	0.01096	0.00 01096	0.00 02192	0.00 03288	0.00 04384
5	0.01370	0.00 01370	0.00 02740	0.00 04110	0.00 05480
6	0.01644	0.00 01644	0.00 03288	0.00 04932	0.00 06576
7	0.01918	0.00 01918	0.00 03836	0.00 05754	0.00 07672
8	0.02192	0.00 02192	0.00 04384	0.00 06576	0.00 08768
9	0.02466	0.00 02466	0.00 04932	0.00 07398	0.00 09864
10	0.02740	0.00 02740	0.00 05480	0.00 08220	0.00 10960
11	0.03014	0.00 03014	0.00 06028	0.00 09042	0.00 12056
12	0.03288	0.00 03288	0.00 06576	0.00 09864	0.00 13152
13	0.03562	0.00 03562	0.00 07124	0.00 10686	0.00 14248
14	0.03836	0.00 03836	0.00 07672	0.00 11508	0.00 15344
15	0.04110	0.00 04110	0.00 08220	0.00 12330	0.00 16440
16	0.04384	0.00 04384	0.00 08768	0.00 13152	0.00 17536
17	0.04658	0.00 04658	0.00 09316	0.00 13974	0.00 18632
18	0.04932	0.00 04932	0.00 09864	0.00 14796	0.00 19728
19	0.05206	0.00 05206	0.00 10410	0.00 15618	0.00 20824
20	0.05479	0.00 05479	0.00 10953	0.00 16437	0.00 21916
21	0.05753	0.00 05753	0.00 11506	0.00 17259	0.00 23012
22	0.06027	0.00 06027	0.00 12054	0.00 18081	0.00 24108
23	0.06301	0.00 06301	0.00 12602	0.00 18903	0.00 25204
24	0.06575	0.00 06575	0.00 13150	0.00 19725	0.00 26300
25	0.06849	0.00 06849	0.00 13698	0.00 20547	0.00 27396
26	0.07123	0.00 07123	0.00 14246	0.00 21369	0.00 28492
27	0.07397	0.00 07397	0.00 14794	0.00 22191	0.00 29588
28	0.07671	0.00 07671	0.00 15342	0.00 23013	0.00 30684
29	0.07945	0.00 07945	0.00 15890	0.00 23835	0.00 31780
30	0.08219	0.00 08219	0.00 16438	0.00 24657	0.00 32876
31	0.08493	0.00 08493	0.00 16986	0.00 25479	0.00 33972
32	0.08767	0.00 08767	0.00 17534	0.00 26301	0.00 35068
33	0.09041	0.00 09041	0.00 18082	0.00 27123	0.00 36164
34	0.09315	0.00 09315	0.00 18630	0.00 27945	0.00 37260
35	0.09589	0.00 09589	0.00 19178	0.00 28767	0.00 38356
36	0.09863	0.00 09863	0.00 19726	0.00 29589	0.00 39452
37	0.10137	0.00 10137	0.00 20274	0.00 30411	0.00 40548
38	0.10411	0.00 10411	0.00 20822	0.00 31233	0.00 41644
39	0.10685	0.00 10685	0.00 21370	0.00 32055	0.00 42740
40	0.10959	0.00 10959	0.00 21918	0.00 32877	0.00 43836
41	0.11233	0.00 11233	0.00 22466	0.00 33699	0.00 44932
42	0.11507	0.00 11507	0.00 23014	0.00 34521	0.00 46028
43	0.11781	0.00 11781	0.00 23562	0.00 35343	0.00 47124
44	0.12055	0.00 12055	0.00 24110	0.00 36165	0.00 48220
45	0.12329	0.00 12329	0.00 24658	0.00 36987	0.00 49316
46	0.12603	0.00 12603	0.00 25206	0.00 37809	0.00 50412
47	0.12877	0.00 12877	0.00 25754	0.00 38631	0.00 51508
48	0.13151	0.00 13151	0.00 26302	0.00 39453	0.00 52604
49	0.13425	0.00 13425	0.00 26850	0.00 40275	0.00 53700
50	0.13699	0.00 13699	0.00 27398	0.00 41097	0.00 54796
51	0.13973	0.00 13973	0.00 27946	0.00 41919	0.00 55892
52	0.14247	0.00 14247	0.00 28494	0.00 42741	0.00 56988
53	0.14521	0.00 14521	0.00 29042	0.00 43563	0.00 58084
54	0.14795	0.00 14795	0.00 29590	0.00 44385	0.00 59180
55	0.15069	0.00 15069	0.00 30138	0.00 45207	0.00 60276
56	0.15343	0.00 15343	0.00 30686	0.00 46029	0.00 61372
57	0.15617	0.00 15617	0.00 31234	0.00 46851	0.00 62468
58	0.15891	0.00 15891	0.00 31782	0.00 47673	0.00 63564
59	0.16165	0.00 16165	0.00 32330	0.00 48495	0.00 64660
60	0.16439	0.00 16439	0.00 32878	0.00 49317	0.00 65756
61	0.16713	0.00 16713	0.00 33426	0.00 50139	0.00 66852

No. 1.

at all the rates from 1 to 10 per cent inclusively.

Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
1	\$0.00 01370	\$0.00 01644	\$0.00 01918	\$0.00 02192	\$0.00 02466	\$0.00 0274
2	0.00 02740	0.00 03288	0.00 03836	0.00 04384	0.00 04932	0.00 0548
3	0.00 04110	0.00 04932	0.00 05754	0.00 06576	0.00 07398	0.00 0822
4	0.00 05480	0.00 06576	0.00 07672	0.00 08768	0.00 09864	0.00 1096
5	0.00 06850	0.00 08220	0.00 09590	0.00 10960	0.00 12330	0.00 1370
6	0.00 08220	0.00 09864	0.00 11708	0.00 13152	0.00 14796	0.00 1644
7	0.00 09590	0.00 11508	0.00 13426	0.00 15344	0.00 17262	0.00 1918
8	0.00 10960	0.00 13152	0.00 15344	0.00 17536	0.00 19728	0.00 2192
9	0.00 12330	0.00 14796	0.00 17262	0.00 19728	0.00 22194	0.00 2466
10	0.00 13700	0.00 16440	0.00 19180	0.00 21920	0.00 24660	0.00 2740
11	0.00 15070	0.00 18084	0.00 21098	0.00 24112	0.00 27126	0.00 3014
12	0.00 16440	0.00 19728	0.00 23016	0.00 26304	0.00 29592	0.00 3288
13	0.00 17810	0.00 21372	0.00 24934	0.00 28496	0.00 32058	0.00 3562
14	0.00 19180	0.00 23016	0.00 26852	0.00 30688	0.00 34524	0.00 3836
15	0.00 20550	0.00 24660	0.00 28770	0.00 32880	0.00 36990	0.00 4110
16	0.00 21920	0.00 26304	0.00 30688	0.00 35072	0.00 39456	0.00 4384
17	0.00 23290	0.00 27948	0.00 32606	0.00 37264	0.00 41922	0.00 4658
18	0.00 24660	0.00 29592	0.00 34524	0.00 39456	0.00 44388	0.00 4932
19	0.00 26025	0.00 31230	0.00 36435	0.00 41640	0.00 46845	0.00 5205
20	0.00 27395	0.00 32874	0.00 38353	0.00 43832	0.00 49311	0.00 5479
21	0.00 28765	0.00 34518	0.00 40271	0.00 46024	0.00 51777	0.00 5753
22	0.00 30135	0.00 36162	0.00 42189	0.00 48216	0.00 54243	0.00 6027
23	0.00 31505	0.00 37806	0.00 44107	0.00 50408	0.00 56709	0.00 6301
24	0.00 32875	0.00 39450	0.00 46025	0.00 52600	0.00 59175	0.00 6575
25	0.00 34245	0.00 41094	0.00 47943	0.00 54792	0.00 61641	0.00 6849
26	0.00 35615	0.00 42738	0.00 49861	0.00 56984	0.00 64107	0.00 7123
27	0.00 36985	0.00 44382	0.00 51779	0.00 59176	0.00 66573	0.00 7397
28	0.00 38355	0.00 46026	0.00 53697	0.00 61368	0.00 69039	0.00 7671
29	0.00 39725	0.00 47670	0.00 55615	0.00 63560	0.00 71505	0.00 7945
30	0.00 41095	0.00 49314	0.00 57533	0.00 65752	0.00 73971	0.00 8219
31	0.00 42465	0.00 50958	0.00 59451	0.00 67944	0.00 76437	0.00 8493
32	0.00 43835	0.00 52602	0.00 61369	0.00 70136	0.00 78903	0.00 8767
33	0.00 45205	0.00 54246	0.00 63287	0.00 72328	0.00 81369	0.00 9041
34	0.00 46575	0.00 55890	0.00 65205	0.00 74520	0.00 83835	0.00 9315
35	0.00 47945	0.00 57534	0.00 67123	0.00 76712	0.00 86301	0.00 9589
36	0.00 49315	0.00 59178	0.00 69041	0.00 78904	0.00 88767	0.00 9863
37	0.00 50685	0.00 60822	0.00 70959	0.00 81096	0.00 91233	0.01 0137
38	0.00 52055	0.00 62466	0.00 72877	0.00 83288	0.00 93699	0.01 0411
39	0.00 53425	0.00 64110	0.00 74795	0.00 85480	0.00 96165	0.01 0685
40	0.00 54795	0.00 65754	0.00 76713	0.00 87672	0.00 98631	0.01 0959
41	0.00 56165	0.00 67398	0.00 78631	0.00 89864	0.01 01097	0.01 1233
42	0.00 57535	0.00 69042	0.00 80549	0.00 92056	0.01 03563	0.01 1507
43	0.00 58905	0.00 70686	0.00 82467	0.00 94248	0.01 06029	0.01 1781
44	0.00 60275	0.00 72330	0.00 84385	0.00 96440	0.01 08495	0.01 2055
45	0.00 61645	0.00 73974	0.00 86303	0.00 98632	0.01 10961	0.01 2329
46	0.00 63015	0.00 75618	0.00 88221	0.01 00824	0.01 13427	0.01 2603
47	0.00 64385	0.00 77262	0.00 90139	0.01 03016	0.01 15893	0.01 2877
48	0.00 65755	0.00 78906	0.00 92057	0.01 05208	0.01 18359	0.01 3151
49	0.00 67125	0.00 80550	0.00 93975	0.01 07400	0.01 20825	0.01 3425
50	0.00 68495	0.00 82194	0.00 95893	0.01 09592	0.01 23291	0.01 3699
51	0.00 69865	0.00 83838	0.00 97811	0.01 11784	0.01 25757	0.01 3973
52	0.00 71235	0.00 85482	0.00 99729	0.01 13976	0.01 28223	0.01 4247
53	0.00 72605	0.00 87126	0.01 01647	0.01 16168	0.01 30689	0.01 4521
54	0.00 73975	0.00 88770	0.01 03565	0.01 18360	0.01 33155	0.01 4795
55	0.00 75345	0.00 90414	0.01 05476	0.01 20544	0.01 35621	0.01 5069
56	0.00 76715	0.00 92058	0.01 07394	0.01 22736	0.01 38087	0.01 5343
57	0.00 78085	0.00 93698	0.01 09312	0.01 24928	0.01 40544	0.01 5617
58	0.00 79455	0.00 95342	0.01 11230	0.01 27120	0.01 43010	0.01 5891
59	0.00 80825	0.00 96986	0.01 13148	0.01 29312	0.01 45476	0.01 6165
60	0.00 82195	0.00 98630	0.01 15066	0.01 31504	0.01 47942	0.01 6439
61	0.00 83565	0.01 00272	0.01 16984	0.01 33696	0.01 50408	0.01 6713

TABLE No. 1.—Simple

Days.	Decimals of days.	1 per %	2 per %	3 per %	4 per %
62	0.16986	\$0.00 16986	\$0.00 33972	\$0.00 50958	\$0.00 67944
63	0.17260	0.00 17260	0.00 34520	0.00 51780	0.00 69040
64	0.17534	0.00 17534	0.00 35068	0.00 52602	0.00 70136
65	0.17808	0.00 17808	0.00 35616	0.00 53424	0.00 71232
66	0.18082	0.00 18082	0.00 36164	0.00 54246	0.00 72328
67	0.18356	0.00 18356	0.00 36712	0.00 55068	0.00 73424
68	0.18630	0.00 18630	0.00 37260	0.00 55890	0.00 74520
69	0.18904	0.00 18904	0.00 37808	0.00 56712	0.00 75616
70	0.19178	0.00 19178	0.00 38356	0.00 57534	0.00 76712
71	0.19452	0.00 19452	0.00 38904	0.00 58356	0.00 77808
72	0.19726	0.00 19726	0.00 39452	0.00 59178	0.00 78904
73	0.20000	0.00 20000	0.00 40000	0.00 60000	0.00 80000
74	0.20274	0.00 20274	0.00 40548	0.00 60822	0.00 81096
75	0.20548	0.00 20548	0.00 41096	0.00 61644	0.00 82192
76	0.20822	0.00 20822	0.00 41644	0.00 62466	0.00 83288
77	0.21096	0.00 21096	0.00 42192	0.00 63288	0.00 84384
78	0.21370	0.00 21370	0.00 42740	0.00 64110	0.00 85480
79	0.21644	0.00 21644	0.00 43288	0.00 64932	0.00 86576
80	0.21918	0.00 21918	0.00 43836	0.00 65754	0.00 87672
81	0.22192	0.00 22192	0.00 44384	0.00 66576	0.00 88768
82	0.22466	0.00 22466	0.00 44932	0.00 67398	0.00 89864
83	0.22740	0.00 22740	0.00 45480	0.00 68220	0.00 90960
84	0.23014	0.00 23014	0.00 46028	0.00 69042	0.00 92056
85	0.23288	0.00 23288	0.00 46576	0.00 69864	0.00 93152
86	0.23562	0.00 23562	0.00 47124	0.00 70686	0.00 94248
87	0.23836	0.00 23836	0.00 47672	0.00 71508	0.00 95344
88	0.24110	0.00 24110	0.00 48220	0.00 72330	0.00 96440
89	0.24384	0.00 24384	0.00 48768	0.00 73152	0.00 97536
90	0.24658	0.00 24658	0.00 49316	0.00 73974	0.00 98632
91	0.24932	0.00 24932	0.00 49864	0.00 74796	0.00 99728
92	0.25206	0.00 25206	0.00 50412	0.00 75618	0.01 00824
93	0.25479	0.00 25479	0.00 50958	0.00 76437	0.01 01916
94	0.25753	0.00 25753	0.00 51506	0.00 77259	0.01 03012
95	0.26027	0.00 26027	0.00 52054	0.00 78081	0.01 04108
96	0.26301	0.00 26301	0.00 52602	0.00 78903	0.01 05204
97	0.26575	0.00 26575	0.00 53150	0.00 79725	0.01 06300
98	0.26849	0.00 26849	0.00 53698	0.00 80547	0.01 07396
99	0.27123	0.00 27123	0.00 54246	0.00 81369	0.01 08492
100	0.27397	0.00 27397	0.00 54794	0.00 82191	0.01 09588
101	0.27671	0.00 27671	0.00 55342	0.00 83013	0.01 10684
102	0.27945	0.00 27945	0.00 55890	0.00 83835	0.01 11780
103	0.28219	0.00 28219	0.00 56438	0.00 84657	0.01 12876
104	0.28493	0.00 28493	0.00 56986	0.00 85479	0.01 13972
105	0.28767	0.00 28767	0.00 57534	0.00 86301	0.01 15068
106	0.29041	0.00 29041	0.00 58082	0.00 87123	0.01 16164
107	0.29315	0.00 29315	0.00 58630	0.00 87945	0.01 17260
108	0.29589	0.00 29589	0.00 59178	0.00 88767	0.01 18356
109	0.29863	0.00 29863	0.00 59726	0.00 89589	0.01 19452
110	0.30137	0.00 30137	0.00 60274	0.00 90411	0.01 20548
111	0.30411	0.00 30411	0.00 60822	0.00 91233	0.01 21644
112	0.30685	0.00 30685	0.00 61370	0.00 92055	0.01 22740
113	0.30959	0.00 30959	0.00 61918	0.00 92877	0.01 23836
114	0.31233	0.00 31233	0.00 62466	0.00 93699	0.01 24932
115	0.31507	0.00 31507	0.00 63014	0.00 94521	0.01 26028
116	0.31781	0.00 31781	0.00 63562	0.00 95343	0.01 27124
117	0.32055	0.00 32055	0.00 64110	0.00 96165	0.01 28220
118	0.32329	0.00 32329	0.00 64658	0.00 96987	0.01 29316
119	0.32603	0.00 32603	0.00 65206	0.00 97809	0.01 30412
120	0.32877	0.00 32877	0.00 65754	0.00 98631	0.01 31508
121	0.33151	0.00 33151	0.00 66302	0.00 99453	0.01 32604
122	0.33425	0.00 33425	0.00 66850	0.01 00275	0.01 33700
123	0.33699	0.00 33699	0.00 67398	0.01 01097	0.01 34796
124	0.33973	0.00 33973	0.00 67946	0.01 01919	0.01 35892
125	0.34247	0.00 34247	0.00 68494	0.01 02741	0.01 36988
126	0.34521	0.00 34521	0.00 69042	0.01 03563	0.01 38084
127	0.34795	0.00 34795	0.00 69590	0.01 04385	0.01 39180
128	0.35069	0.00 35069	0.00 70138	0.01 05207	0.01 40276

-Simple

Interest on \$1.—Continued.

%	Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
7944	62	\$0.00 84930	\$0.01 01916	\$0.01 18902	\$0.01 35888	\$0.01 52874	\$0.01 69866
9040	63	0.00 86300	0.01 03560	0.01 20820	0.01 38080	0.01 55340	0.01 72600
0136	64	0.00 87670	0.01 05204	0.01 22738	0.01 40272	0.01 57806	0.01 75344
1232	65	0.00 89040	0.01 06848	0.01 24656	0.01 42464	0.01 60272	0.01 78008
2328	66	0.00 90410	0.01 08492	0.01 26574	0.01 44656	0.01 62738	0.01 80802
3424	67	0.00 91780	0.01 10136	0.01 28492	0.01 46848	0.01 65204	0.01 83566
4520	68	0.00 93150	0.01 11780	0.01 30410	0.01 49040	0.01 67670	0.01 86300
5616	69	0.00 94520	0.01 13424	0.01 32328	0.01 51232	0.01 70136	0.01 89044
6712	70	0.00 95890	0.01 15068	0.01 34246	0.01 53424	0.01 72602	0.01 91788
7808	71	0.00 97260	0.01 16712	0.01 36164	0.01 55616	0.01 75068	0.01 94532
8904	72	0.00 98630	0.01 18356	0.01 38182	0.01 57808	0.01 77534	0.01 97276
0000	73	0.01 00000	0.01 20000	0.01 40000	0.01 60000	0.01 80000	0.02 00000
1096	74	0.01 01370	0.01 21644	0.01 41918	0.01 62192	0.01 82466	0.02 02744
2192	75	0.01 02740	0.01 23288	0.01 43836	0.01 64384	0.01 84932	0.02 05488
3288	76	0.01 04110	0.01 24932	0.01 45754	0.01 66576	0.01 87398	0.02 08232
4384	77	0.01 05480	0.01 26576	0.01 47672	0.01 68768	0.01 89864	0.02 10976
5480	78	0.01 06850	0.01 28220	0.01 49590	0.01 70960	0.01 92330	0.02 13720
6576	79	0.01 08220	0.01 29864	0.01 51508	0.01 73152	0.01 94796	0.02 16464
7672	80	0.01 09590	0.01 31508	0.01 53426	0.01 75344	0.01 97262	0.02 19208
8768	81	0.01 10960	0.01 33152	0.01 55340	0.01 77536	0.01 99728	0.02 21952
9864	82	0.01 12330	0.01 34796	0.01 57262	0.01 79728	0.02 02194	0.02 24696
0960	83	0.01 13700	0.01 36440	0.01 59180	0.01 81920	0.02 04660	0.02 27440
2056	84	0.01 15070	0.01 38084	0.01 61098	0.01 84112	0.02 07126	0.02 30184
3152	85	0.01 16440	0.01 39728	0.01 63016	0.01 86304	0.02 09592	0.02 32928
4248	86	0.01 17810	0.01 41372	0.01 64934	0.01 88496	0.02 12058	0.02 35672
5344	87	0.01 19180	0.01 43016	0.01 66852	0.01 90688	0.02 14524	0.02 38416
6440	88	0.01 20550	0.01 44660	0.01 68770	0.01 92880	0.02 16990	0.02 41160
7536	89	0.01 21920	0.01 46304	0.01 70688	0.01 95072	0.02 19456	0.02 43904
8632	90	0.01 23290	0.01 47948	0.01 72606	0.01 97264	0.02 21922	0.02 46648
9728	91	0.01 24660	0.01 49592	0.01 74524	0.01 99456	0.02 24388	0.02 49392
0824	92	0.01 26025	0.01 51236	0.01 76442	0.02 01640	0.02 26854	0.02 52136
1920	93	0.01 27395	0.01 52880	0.01 78360	0.02 03832	0.02 29320	0.02 54880
3016	94	0.01 28765	0.01 54524	0.01 80278	0.02 06024	0.02 31786	0.02 57624
4112	95	0.01 30135	0.01 56168	0.01 82196	0.02 08216	0.02 34252	0.02 60368
5208	96	0.01 31505	0.01 57812	0.01 84114	0.02 10408	0.02 36718	0.02 63112
6304	97	0.01 32875	0.01 59456	0.01 86032	0.02 12600	0.02 39184	0.02 65856
7400	98	0.01 34245	0.01 61096	0.01 87950	0.02 14792	0.02 41650	0.02 68600
8496	99	0.01 35615	0.01 62740	0.01 89868	0.02 16984	0.02 44116	0.02 71344
9592	100	0.01 36985	0.01 64384	0.01 91786	0.02 19176	0.02 46582	0.02 74088
0688	101	0.01 38355	0.01 66028	0.01 93699	0.02 21368	0.02 49048	0.02 76832
1784	102	0.01 39725	0.01 67672	0.01 95617	0.02 23560	0.02 51514	0.02 79576
2880	103	0.01 41095	0.01 69316	0.01 97535	0.02 25752	0.02 53980	0.02 82320
3976	104	0.01 42465	0.01 70960	0.01 99453	0.02 27944	0.02 56446	0.02 85064
5072	105	0.01 43835	0.01 72604	0.02 01369	0.02 30136	0.02 58912	0.02 87808
6168	106	0.01 45205	0.01 74248	0.02 03287	0.02 32328	0.02 61378	0.02 90552
7264	107	0.01 46575	0.01 75892	0.02 05205	0.02 34520	0.02 63844	0.02 93296
8360	108	0.01 47945	0.01 77536	0.02 07123	0.02 36712	0.02 66310	0.02 96040
9456	109	0.01 49315	0.01 79180	0.02 09041	0.02 38904	0.02 68776	0.02 98784
0552	110	0.01 50685	0.01 80824	0.02 10959	0.02 41096	0.02 71242	0.03 01528
1648	111	0.01 52055	0.01 82468	0.02 12877	0.02 43288	0.02 73698	0.03 04272
2744	112	0.01 53425	0.01 84112	0.02 14795	0.02 45480	0.02 76164	0.03 07016
3840	113	0.01 54795	0.01 85756	0.02 16713	0.02 46672	0.02 78630	0.03 09760
4936	114	0.01 56165	0.01 87400	0.02 18631	0.02 49864	0.02 81096	0.03 12504
6032	115	0.01 57535	0.01 89044	0.02 20549	0.02 52056	0.02 83562	0.03 15248
7128	116	0.01 58905	0.01 90688	0.02 22467	0.02 54248	0.02 86028	0.03 17992
8224	117	0.01 60275	0.01 92332	0.02 24385	0.02 56440	0.02 88494	0.03 20736
9320	118	0.01 61645	0.01 93976	0.02 26303	0.02 58632	0.02 90960	0.03 23480
0416	119	0.01 63015	0.01 95620	0.02 28221	0.02 60824	0.02 93426	0.03 26224
1512	120	0.01 64385	0.01 97264	0.02 30139	0.02 63016	0.02 95892	0.03 28968
2608	121	0.01 65755	0.01 98908	0.02 32057	0.02 65208	0.02 98358	0.03 31712
3704	122	0.01 67125	0.02 00550	0.02 33975	0.02 67400	0.03 00824	0.03 34456
4800	123	0.01 68495	0.02 02194	0.02 35893	0.02 69592	0.03 03290	0.03 37200
5896	124	0.01 69865	0.02 03838	0.02 37811	0.02 71784	0.03 05756	0.03 39944
6992	125	0.01 71235	0.02 05482	0.02 39729	0.02 73976	0.03 08222	0.03 42688
8088	126	0.01 72605	0.02 07126	0.02 41647	0.02 76168	0.03 10688	0.03 45432
9184	127	0.01 73975	0.02 08770	0.02 43565	0.02 78360	0.03 13154	0.03 48176
0280	128	0.01 75345	0.02 10408	0.02 45476	0.02 80544	0.03 15612	0.03 50920

TABLE No. 1.—Simple

Days.	Decimals of days.	1 per %	2 per %	3 per %	4 per %
129	0.35342	\$0.00 35342	\$0.00 70684	\$0.01 06026	\$0.01 41368
130	0.35616	0.00 35616	0.00 71232	0.01 06848	0.01 42464
131	0.35890	0.00 35890	0.00 71780	0.01 07670	0.01 43560
132	0.36164	0.00 36164	0.00 72328	0.01 08492	0.01 44656
133	0.36438	0.00 36438	0.00 72876	0.01 09314	0.01 45752
134	0.36712	0.00 36712	0.00 73424	0.01 10136	0.01 46848
135	0.36986	0.00 36986	0.00 73972	0.01 10958	0.01 47944
136	0.37260	0.00 37260	0.00 74520	0.01 11780	0.01 49040
137	0.37534	0.00 37534	0.00 75068	0.01 12602	0.01 50136
138	0.37808	0.00 37808	0.00 75616	0.01 13424	0.01 51232
139	0.38082	0.00 38082	0.00 76164	0.01 14246	0.01 52328
140	0.38356	0.00 38356	0.00 76712	0.01 15068	0.01 53424
141	0.38630	0.00 38630	0.00 77260	0.01 15890	0.01 54520
142	0.38904	0.00 38904	0.00 77808	0.01 16712	0.01 55616
143	0.39178	0.00 39178	0.00 78356	0.01 17534	0.01 56712
144	0.39452	0.00 39452	0.00 78904	0.01 18356	0.01 57808
145	0.39726	0.00 39726	0.00 79452	0.01 19178	0.01 58904
146	0.40000	0.00 40000	0.00 80000	0.01 20000	0.01 60000
147	0.40274	0.00 40274	0.00 80548	0.01 20822	0.01 61096
148	0.40548	0.00 40548	0.00 81096	0.01 21644	0.01 62192
149	0.40822	0.00 40822	0.00 81644	0.01 22466	0.01 63288
150	0.41096	0.00 41096	0.00 82192	0.01 23288	0.01 64384
151	0.41370	0.00 41370	0.00 82740	0.01 24110	0.01 65480
152	0.41644	0.00 41644	0.00 83288	0.01 24932	0.01 66576
153	0.41918	0.00 41918	0.00 83836	0.01 25754	0.01 67672
154	0.42192	0.00 42192	0.00 84384	0.01 26576	0.01 68768
155	0.42466	0.00 42466	0.00 84932	0.01 27398	0.01 69864
156	0.42740	0.00 42740	0.00 85480	0.01 28220	0.01 70960
157	0.43014	0.00 43014	0.00 86028	0.01 29042	0.01 72056
158	0.43288	0.00 43288	0.00 86576	0.01 29864	0.01 73152
159	0.43562	0.00 43562	0.00 87124	0.01 30686	0.01 74248
160	0.43836	0.00 43836	0.00 87672	0.01 31508	0.01 75344
161	0.44110	0.00 44110	0.00 88220	0.01 32330	0.01 76440
162	0.44384	0.00 44384	0.00 88768	0.01 33152	0.01 77536
163	0.44658	0.00 44658	0.00 89316	0.01 33974	0.01 78632
164	0.44932	0.00 44932	0.00 89864	0.01 34796	0.01 79728
165	0.45206	0.00 45206	0.00 90412	0.01 35618	0.01 80824
166	0.45479	0.00 45479	0.00 90958	0.01 36437	0.01 81916
167	0.45753	0.00 45753	0.00 91506	0.01 37259	0.01 83012
168	0.46027	0.00 46027	0.00 92054	0.01 38081	0.01 84108
169	0.46301	0.00 46301	0.00 92602	0.01 38903	0.01 85204
170	0.46575	0.00 46575	0.00 93150	0.01 39725	0.01 86300
171	0.46849	0.00 46849	0.00 93698	0.01 40547	0.01 87396
172	0.47123	0.00 47123	0.00 94246	0.01 41369	0.01 88492
173	0.47397	0.00 47397	0.00 94794	0.01 42191	0.01 89588
174	0.47671	0.00 47671	0.00 95342	0.01 43013	0.01 90684
175	0.47945	0.00 47945	0.00 95890	0.01 43835	0.01 91780
176	0.48219	0.00 48219	0.00 96438	0.01 44657	0.01 92876
177	0.48493	0.00 48493	0.00 96986	0.01 45479	0.01 93972
178	0.48767	0.00 48767	0.00 97534	0.01 46301	0.01 95068
179	0.49041	0.00 49041	0.00 98082	0.01 47123	0.01 96164
180	0.49315	0.00 49315	0.00 98630	0.01 47945	0.01 97260
181	0.49589	0.00 49589	0.00 99178	0.01 48767	0.01 98356
182	0.49863	0.00 49863	0.00 99726	0.01 49589	0.01 99452
183	0.50137	0.00 50137	0.01 00274	0.01 50411	0.02 00548
184	0.50411	0.00 50411	0.01 00822	0.01 51233	0.02 01644
185	0.50685	0.00 50685	0.01 01370	0.01 52055	0.02 02740
186	0.50959	0.00 50959	0.01 01918	0.01 52877	0.02 03836
187	0.51233	0.00 51233	0.01 02466	0.01 53699	0.02 04932
188	0.51507	0.00 51507	0.01 03014	0.01 54521	0.02 06028
189	0.51781	0.00 51781	0.01 03562	0.01 55343	0.02 07124
190	0.52055	0.00 52055	0.01 04110	0.01 56165	0.02 08220
191	0.52329	0.00 52329	0.01 04658	0.01 56987	0.02 09316
192	0.52603	0.00 52603	0.01 05206	0.01 57809	0.02 10412
193	0.52877	0.00 52877	0.01 05754	0.01 58631	0.02 11508
194	0.53151	0.00 53151	0.01 06302	0.01 59453	0.02 12604

Interest on \$1.—Continued.

Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
129	\$0.01 76710	\$0.02 12052	\$0.02 47394	\$0.02 82736	\$0.03 18073	\$0.30 5342
130	0.01 78080	0.02 13696	0.02 49312	0.02 84928	0.03 20545	0.03 6616
131	0.01 79450	0.02 15340	0.02 51230	0.02 87120	0.03 23010	0.03 5890
132	0.01 80820	0.02 16984	0.02 53148	0.02 89312	0.03 25476	0.03 6164
133	0.01 82190	0.02 18628	0.02 55066	0.02 91504	0.03 27942	0.03 6438
134	0.01 83560	0.02 20272	0.02 56984	0.02 93696	0.03 30408	0.03 6712
135	0.01 84930	0.02 21916	0.02 58902	0.02 95888	0.03 32874	0.03 6986
136	0.01 86300	0.02 23560	0.02 60820	0.02 98080	0.03 35340	0.03 7260
137	0.01 87670	0.02 25204	0.02 62738	0.03 00272	0.03 37806	0.03 7534
138	0.01 89040	0.02 26848	0.02 64656	0.03 02464	0.03 40272	0.03 7808
139	0.01 90410	0.02 28492	0.02 66574	0.03 04656	0.03 42738	0.03 8082
140	0.01 91780	0.02 30136	0.02 68492	0.03 06848	0.03 45204	0.03 8356
141	0.01 93150	0.02 31780	0.02 70410	0.03 09040	0.03 47670	0.03 8630
142	0.01 94520	0.02 33424	0.02 72328	0.03 11232	0.03 50136	0.03 8904
143	0.01 95890	0.02 35068	0.02 74246	0.03 13424	0.03 52602	0.03 9178
144	0.01 97260	0.02 36712	0.02 76164	0.03 15616	0.03 55068	0.03 9452
145	0.01 98630	0.02 38356	0.02 78082	0.03 17808	0.03 57534	0.03 9726
146	0.02 00000	0.02 40000	0.02 80000	0.03 20000	0.03 60000	0.04 0000
147	0.02 01370	0.02 41644	0.02 81918	0.03 22192	0.03 62466	0.04 0248
148	0.02 02740	0.02 43288	0.02 83836	0.03 24384	0.03 64932	0.04 0522
149	0.02 04110	0.02 44932	0.02 85754	0.03 26576	0.03 67398	0.04 0806
150	0.02 05480	0.02 46576	0.02 87672	0.03 28768	0.03 69864	0.04 1070
151	0.02 06850	0.02 48220	0.02 89590	0.03 30960	0.03 72330	0.04 1344
152	0.02 08220	0.02 49864	0.02 91508	0.03 33152	0.03 74796	0.04 1618
153	0.02 09590	0.02 51508	0.02 93426	0.03 35344	0.03 77262	0.04 1902
154	0.02 10960	0.02 53152	0.02 95344	0.03 37536	0.03 79728	0.04 2166
155	0.02 12330	0.02 54796	0.02 97262	0.03 39728	0.03 82194	0.04 2440
156	0.02 13700	0.02 56440	0.02 99180	0.03 41920	0.03 84660	0.04 2714
157	0.02 15070	0.02 58084	0.03 01098	0.03 44112	0.03 87126	0.04 3008
158	0.02 16440	0.02 59728	0.03 03016	0.03 46304	0.03 89592	0.04 3262
159	0.02 18810	0.02 61372	0.03 04934	0.03 48496	0.03 92058	0.04 3536
160	0.02 19180	0.02 63016	0.03 06852	0.03 50688	0.03 94524	0.04 3810
161	0.02 20550	0.02 64660	0.03 08770	0.03 52880	0.03 96990	0.04 4184
162	0.02 21920	0.02 66304	0.03 10688	0.03 55072	0.03 99456	0.04 4458
163	0.02 23290	0.02 67948	0.03 12606	0.03 57264	0.04 01922	0.04 4632
164	0.02 24660	0.02 69592	0.03 14524	0.03 59456	0.04 04388	0.04 4906
165	0.02 26025	0.02 71236	0.03 16442	0.03 61648	0.04 06854	0.04 5270
166	0.02 27395	0.02 72880	0.03 18360	0.03 63840	0.04 09311	0.04 5444
167	0.02 28765	0.02 74524	0.03 20278	0.03 66032	0.04 11777	0.04 5728
168	0.02 30135	0.02 76168	0.03 22196	0.03 68224	0.04 14243	0.04 6002
169	0.02 31505	0.02 77812	0.03 24114	0.03 70416	0.04 16709	0.04 6376
170	0.02 32875	0.02 79456	0.03 26032	0.03 72608	0.04 19175	0.04 6650
171	0.02 34245	0.02 81099	0.03 27950	0.03 74800	0.04 21641	0.04 6924
172	0.02 35615	0.02 82743	0.03 29868	0.03 76992	0.04 24107	0.04 7198
173	0.02 36985	0.02 84387	0.03 31786	0.03 79184	0.04 26573	0.04 7472
174	0.02 38355	0.02 86031	0.03 33699	0.03 81376	0.04 29039	0.04 7746
175	0.02 39725	0.02 87675	0.03 35617	0.03 83568	0.04 31505	0.04 7999
176	0.02 41095	0.02 89319	0.03 37535	0.03 85760	0.04 33971	0.04 8293
177	0.02 42465	0.02 90963	0.03 39453	0.03 87952	0.04 36437	0.04 8467
178	0.02 43835	0.02 92607	0.03 41371	0.03 90144	0.04 38903	0.04 8741
179	0.02 45205	0.02 94251	0.03 43289	0.03 92336	0.04 41369	0.04 9015
180	0.02 46575	0.02 95895	0.03 45207	0.03 94528	0.04 43835	0.04 9389
181	0.02 47945	0.02 97539	0.03 47125	0.03 96720	0.04 46301	0.04 9563
182	0.02 49315	0.02 99183	0.03 49043	0.03 98912	0.04 48767	0.04 9837
183	0.02 50685	0.03 00827	0.03 50961	0.04 01096	0.04 51233	0.05 0111
184	0.02 52055	0.03 02471	0.03 52879	0.04 03288	0.04 53699	0.05 0485
185	0.02 53425	0.03 04115	0.03 54797	0.04 05480	0.04 56165	0.05 0659
186	0.02 54795	0.03 05759	0.03 56715	0.04 07672	0.04 58631	0.05 0933
187	0.02 56165	0.03 07403	0.03 58633	0.04 09864	0.04 61097	0.05 1207
188	0.02 57535	0.03 09047	0.03 60551	0.04 12056	0.04 63563	0.05 1581
189	0.02 58905	0.03 10691	0.03 62469	0.04 14248	0.04 66029	0.05 1705
190	0.02 60275	0.03 12335	0.03 64387	0.04 16440	0.04 68495	0.05 2029
191	0.02 61645	0.03 13979	0.03 66305	0.04 18632	0.04 70961	0.05 2353
192	0.02 63015	0.03 15623	0.03 68223	0.04 20824	0.04 73427	0.05 2603
193	0.02 64385	0.03 17267	0.03 70139	0.04 23016	0.04 75893	0.05 2877
194	0.02 65755	0.03 18911	0.03 72057	0.04 25208	0.04 78359	0.05 3151

Interest

Days.	Decimals of days.	1 per %	2 per %	3 per %	4 per %
195	0.53425	\$0.00 53425	\$0.01 06850	\$0.01 60275	\$0.02 13700
196	0.53699	0.00 53699	0.01 07398	0.01 61097	0.02 14796
197	0.53973	0.00 53973	0.01 07946	0.01 61919	0.02 15892
198	0.54247	0.00 54247	0.01 08494	0.01 62741	0.02 16988
199	0.54521	0.00 54521	0.01 09042	0.01 63563	0.02 18084
200	0.54795	0.00 54795	0.01 09590	0.01 64385	0.02 19180
201	0.55068	0.00 55068	0.01 10136	0.01 65204	0.02 20272
202	0.55342	0.00 55342	0.01 10684	0.01 66026	0.02 21368
203	0.55616	0.00 55616	0.01 11232	0.01 66848	0.02 22464
204	0.55890	0.00 55890	0.01 11780	0.01 67670	0.02 23560
205	0.56164	0.00 56164	0.01 12328	0.01 68492	0.02 24656
206	0.56438	0.00 56438	0.01 12876	0.01 69314	0.02 25752
207	0.56712	0.00 56712	0.01 13424	0.01 70136	0.02 26848
208	0.56986	0.00 56986	0.01 13972	0.01 70958	0.02 27944
209	0.57260	0.00 57260	0.01 14520	0.01 71780	0.02 29040
210	0.57534	0.00 57534	0.01 15068	0.01 72602	0.02 30136
211	0.57808	0.00 57808	0.01 15616	0.01 73424	0.02 31232
212	0.58082	0.00 58082	0.01 16164	0.01 74246	0.02 32328
213	0.58356	0.00 58356	0.01 16712	0.01 75068	0.02 33424
214	0.58630	0.00 58630	0.01 17260	0.01 75890	0.02 34520
215	0.58904	0.00 58904	0.01 17808	0.01 76712	0.02 35616
216	0.59178	0.00 59178	0.01 18356	0.01 77534	0.02 36712
217	0.59452	0.00 59452	0.01 18904	0.01 78356	0.02 37808
218	0.59726	0.00 59726	0.01 19452	0.01 79178	0.02 38904
219	0.60000	0.00 60000	0.01 20000	0.01 80000	0.02 40000
220	0.60274	0.00 60274	0.01 20548	0.01 80822	0.02 41096
221	0.60548	0.00 60548	0.01 21096	0.01 81644	0.02 42192
222	0.60822	0.00 60822	0.01 21644	0.01 82466	0.02 43288
223	0.61096	0.00 61096	0.01 22192	0.01 83288	0.02 44384
224	0.61370	0.00 61370	0.01 22740	0.01 84110	0.02 45480
225	0.61644	0.00 61644	0.01 23288	0.01 84932	0.02 46576
226	0.61918	0.00 61918	0.01 23836	0.01 85754	0.02 47672
227	0.62192	0.00 62192	0.01 24384	0.01 86576	0.02 48768
228	0.62466	0.00 62466	0.01 24932	0.01 87398	0.02 49864
229	0.62740	0.00 62740	0.01 25480	0.01 88220	0.02 50960
230	0.63014	0.00 63014	0.01 26028	0.01 89042	0.02 52056
231	0.63288	0.00 63288	0.01 26576	0.01 89864	0.02 53152
232	0.63562	0.00 63562	0.01 27124	0.01 90686	0.02 54248
233	0.63836	0.00 63836	0.01 27672	0.01 91508	0.02 55344
234	0.64110	0.00 64110	0.01 28220	0.01 92330	0.02 56440
235	0.64384	0.00 64384	0.01 28768	0.01 93152	0.02 57536
236	0.64658	0.00 64658	0.01 29316	0.01 93974	0.02 58632
237	0.64932	0.00 64932	0.01 29864	0.01 94796	0.02 59728
238	0.65206	0.00 65206	0.01 30412	0.01 95618	0.02 60824
239	0.65479	0.00 65479	0.01 30958	0.01 96437	0.02 61916
240	0.65753	0.00 65753	0.01 31506	0.01 97259	0.02 63012
241	0.66027	0.00 66027	0.01 32054	0.01 98081	0.02 64108
242	0.66301	0.00 66301	0.01 32602	0.01 98903	0.02 65204
243	0.66575	0.00 66575	0.01 33150	0.01 99725	0.02 66300
244	0.66849	0.00 66849	0.01 33698	0.02 00547	0.02 67396
245	0.67123	0.00 67123	0.01 34246	0.02 01369	0.02 68492
246	0.67397	0.00 67397	0.01 34794	0.02 02191	0.02 69588
247	0.67671	0.00 67671	0.01 35342	0.02 03013	0.02 70684
248	0.67945	0.00 67945	0.01 35890	0.02 03835	0.02 71780
249	0.68219	0.00 68219	0.01 36438	0.02 04657	0.02 72876
250	0.68493	0.00 68493	0.01 36986	0.02 05479	0.02 73972
251	0.68767	0.00 68767	0.01 37534	0.02 06301	0.02 75068
252	0.69041	0.00 69041	0.01 38082	0.02 07123	0.02 76164
253	0.69315	0.00 69315	0.01 38630	0.02 07945	0.02 77260
254	0.69589	0.00 69589	0.01 39178	0.02 08767	0.02 78356
255	0.69863	0.00 69863	0.01 39726	0.02 09589	0.02 79452
256	0.70137	0.00 70137	0.01 40274	0.02 10411	0.02 80548
257	0.70411	0.00 70411	0.01 40822	0.02 11233	0.02 81644
258	0.70685	0.00 70685	0.01 41370	0.02 12055	0.02 82740
259	0.70959	0.00 70959	0.01 41918	0.02 12877	0.02 83836
260	0.71233	0.00 71233	0.01 42466	0.02 13699	0.02 84932

on \$1.—(Continued.)

%	Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %.
700	195	\$0.02 67125	\$0.02 20550	\$0.03 73975	\$0.04 27400	\$0.04 80825	\$0.05 3425
706	196	0.02 68495	0.03 22194	0.03 75893	0.04 29592	0.04 83291	0.05 3699
7092	197	0.02 69865	0.03 23833	0.03 77811	0.04 31784	0.04 85757	0.05 3973
7098	198	0.02 71235	0.03 25482	0.03 79729	0.04 33976	0.04 88223	0.05 4247
7084	199	0.02 72605	0.03 27126	0.03 81647	0.04 36168	0.04 90689	0.05 4521
7180	200	0.02 73975	0.03 28770	0.03 83565	0.04 38360	0.04 93155	0.05 4795
7272	201	0.02 75340	0.03 30498	0.03 85476	0.04 40544	0.04 95612	0.05 5069
7368	202	0.02 76710	0.03 32052	0.03 87391	0.04 42736	0.04 98078	0.05 5342
7464	203	0.02 78080	0.03 33696	0.03 89312	0.04 44928	0.05 00544	0.05 5616
7560	204	0.02 79450	0.03 35340	0.03 91230	0.04 47120	0.05 03010	0.05 5890
7656	205	0.02 80820	0.03 36984	0.03 93148	0.04 49312	0.05 05476	0.05 6164
7752	206	0.02 82190	0.03 38628	0.03 95066	0.04 51504	0.05 07942	0.05 6438
7848	207	0.02 83560	0.03 40272	0.03 96984	0.04 53696	0.05 10408	0.05 6712
7944	208	0.02 84930	0.03 41916	0.03 98902	0.04 55888	0.05 12874	0.05 6986
8040	209	0.02 86300	0.03 43560	0.04 00820	0.04 58080	0.05 15340	0.05 7260
8136	210	0.02 87670	0.03 45204	0.04 02738	0.04 60272	0.05 17806	0.05 7534
8232	211	0.02 89040	0.03 46848	0.04 04656	0.04 62464	0.05 20272	0.05 7808
8328	212	0.02 90410	0.03 48492	0.04 06574	0.04 64656	0.05 22738	0.05 8082
8424	213	0.02 91780	0.03 50136	0.04 08492	0.04 66848	0.05 25204	0.05 8356
8520	214	0.02 93150	0.03 51780	0.04 10410	0.04 69040	0.05 27670	0.05 8630
8616	215	0.02 94520	0.03 53424	0.04 12328	0.04 71232	0.05 30136	0.05 8904
8712	216	0.02 95890	0.03 55068	0.04 14246	0.04 73424	0.05 32602	0.05 9178
8808	217	0.02 97260	0.03 56712	0.04 16164	0.04 75616	0.05 35068	0.05 9452
8904	218	0.02 98630	0.03 58356	0.04 18082	0.04 77808	0.05 37534	0.05 9726
9000	219	0.03 00000	0.03 60000	0.04 20000	0.04 80000	0.05 40000	0.06 0000
9106	220	0.03 01370	0.03 61644	0.04 21918	0.04 82192	0.05 42466	0.06 0274
9212	221	0.03 02740	0.03 63288	0.04 23836	0.04 84384	0.05 44932	0.06 0548
9308	222	0.03 04110	0.03 64932	0.04 25754	0.04 86576	0.05 47398	0.06 0822
9404	223	0.03 05480	0.03 66576	0.04 27672	0.04 88768	0.05 49864	0.06 1096
9500	224	0.03 06850	0.03 68220	0.04 29590	0.04 90960	0.05 52330	0.06 1370
9606	225	0.03 08220	0.03 69864	0.04 31508	0.04 93152	0.05 54796	0.06 1644
9702	226	0.03 09590	0.03 71508	0.04 33426	0.04 95344	0.05 57262	0.06 1918
9808	227	0.03 10960	0.03 73152	0.04 35344	0.04 97536	0.05 59728	0.06 2192
9904	228	0.03 12330	0.03 74796	0.04 37262	0.04 99728	0.05 62194	0.06 2466
10000	229	0.03 13700	0.03 76440	0.04 39180	0.05 01920	0.05 64660	0.06 2740
1006	230	0.03 15070	0.03 78084	0.04 41098	0.05 04112	0.05 67126	0.06 3014
1016	231	0.03 16440	0.03 79728	0.04 43016	0.05 06304	0.05 69592	0.06 3288
1026	232	0.03 17810	0.03 81372	0.04 44934	0.05 08496	0.05 72058	0.06 3562
1036	233	0.03 19180	0.03 83016	0.04 46852	0.05 10688	0.05 74524	0.06 3836
1046	234	0.03 20550	0.03 84660	0.04 48770	0.05 12880	0.05 76990	0.06 4110
1056	235	0.03 21920	0.03 86304	0.04 50688	0.05 15072	0.05 79456	0.06 4384
1066	236	0.03 23290	0.03 87948	0.04 52606	0.05 17264	0.05 81922	0.06 4658
1076	237	0.03 24660	0.03 89592	0.04 54524	0.05 19456	0.05 84388	0.06 4932
1086	238	0.03 26025	0.03 91236	0.04 56442	0.05 21648	0.05 86854	0.06 5206
1096	239	0.03 27395	0.03 92880	0.04 58360	0.05 23840	0.05 89320	0.06 5480
1106	240	0.03 28765	0.03 94524	0.04 60278	0.05 26032	0.05 91786	0.06 5754
1116	241	0.03 30135	0.03 96168	0.04 62196	0.05 28224	0.05 94252	0.06 6028
1126	242	0.03 31505	0.03 97812	0.04 64114	0.05 30416	0.05 96718	0.06 6302
1136	243	0.03 32875	0.03 99456	0.04 66032	0.05 32608	0.05 99184	0.06 6576
1146	244	0.03 34245	0.04 01094	0.04 67950	0.05 34800	0.06 01650	0.06 6850
1156	245	0.03 35615	0.04 02738	0.04 69868	0.05 36992	0.06 04116	0.06 7124
1166	246	0.03 36985	0.04 04382	0.04 71786	0.05 39184	0.06 06582	0.06 7398
1176	247	0.03 38355	0.04 06026	0.04 73694	0.05 41376	0.06 09048	0.06 7672
1186	248	0.03 39725	0.04 07670	0.04 75612	0.05 43568	0.06 11514	0.06 7946
1196	249	0.03 41095	0.04 09314	0.04 77530	0.05 45760	0.06 13980	0.06 8220
1206	250	0.03 42465	0.04 10958	0.04 79448	0.05 47952	0.06 16446	0.06 8494
1216	251	0.03 43835	0.04 12602	0.04 81366	0.05 50144	0.06 18912	0.06 8768
1226	252	0.03 45205	0.04 14246	0.04 83284	0.05 52336	0.06 21378	0.06 9042
1236	253	0.03 46575	0.04 15890	0.04 85202	0.05 54528	0.06 23844	0.06 9316
1246	254	0.03 47945	0.04 17534	0.04 87120	0.05 56720	0.06 26310	0.06 9590
1256	255	0.03 49315	0.04 19178	0.04 89038	0.05 58912	0.06 28776	0.06 9864
1266	256	0.03 50685	0.04 20822	0.04 90956	0.05 61104	0.06 31242	0.07 0138
1276	257	0.03 52055	0.04 22466	0.04 92874	0.05 63296	0.06 33708	0.07 0412
1286	258	0.03 53425	0.04 24110	0.04 94792	0.05 65488	0.06 36174	0.07 0686
1296	259	0.03 54795	0.04 25754	0.04 96710	0.05 67680	0.06 38640	0.07 0960
1306	260	0.03 56165	0.04 27398	0.04 98628	0.05 69872	0.06 41097	0.07 1234

Interest

Days.	Decimals of days.	1 per %	2 per %	3 per %	4 per %
261	0.71507	\$0.00 71507	\$0.01 43014	\$0.02 14521	\$0.02 86038
262	0.71781	0.00 71781	0.01 43562	0.02 15343	0.02 87124
263	0.72055	0.00 72055	0.01 44110	0.02 16165	0.02 88220
264	0.72329	0.00 72329	0.01 44658	0.02 16987	0.02 89316
265	0.72603	0.00 72603	0.01 45206	0.02 17809	0.02 90412
266	0.72877	0.00 72877	0.01 45754	0.02 18631	0.02 91508
267	0.73151	0.00 73151	0.01 46302	0.02 19453	0.02 92604
268	0.73425	0.00 73425	0.01 46850	0.02 20275	0.02 93700
269	0.73699	0.00 73699	0.01 47398	0.02 21097	0.02 94796
270	0.73973	0.00 73973	0.01 47946	0.02 21919	0.02 95892
271	0.74247	0.00 74247	0.01 48494	0.02 22741	0.02 96988
272	0.74521	0.00 74521	0.01 49042	0.02 23563	0.02 98084
273	0.74795	0.00 74795	0.01 49590	0.02 24385	0.02 99180
274	0.75068	0.00 75068	0.01 50138	0.02 25207	0.03 00272
275	0.75342	0.00 75342	0.01 50684	0.02 26029	0.03 01368
276	0.75616	0.00 75616	0.01 51232	0.02 26851	0.03 02464
277	0.75890	0.00 75890	0.01 51780	0.02 27673	0.03 03560
278	0.76164	0.00 76164	0.01 52328	0.02 28495	0.03 04656
279	0.76438	0.00 76438	0.01 52876	0.02 29317	0.03 05752
280	0.76712	0.00 76712	0.01 53424	0.02 30139	0.03 06848
281	0.76986	0.00 76986	0.01 53972	0.02 30961	0.03 07944
282	0.77260	0.00 77260	0.01 54520	0.02 31783	0.03 09040
283	0.77534	0.00 77534	0.01 55068	0.02 32605	0.03 10136
284	0.77808	0.00 77808	0.01 55616	0.02 33427	0.03 11232
285	0.78082	0.00 78082	0.01 56164	0.02 34249	0.03 12328
286	0.78356	0.00 78356	0.01 56712	0.02 35071	0.03 13424
287	0.78630	0.00 78630	0.01 57260	0.02 35893	0.03 14520
288	0.78904	0.00 78904	0.01 57808	0.02 36715	0.03 15616
289	0.79178	0.00 79178	0.01 58356	0.02 37537	0.03 16712
290	0.79452	0.00 79452	0.01 58904	0.02 38359	0.03 17808
291	0.79726	0.00 79726	0.01 59452	0.02 39181	0.03 18904
292	0.80000	0.00 80000	0.01 60000	0.02 40003	0.03 20000
293	0.80274	0.00 80274	0.01 60548	0.02 40825	0.03 21096
294	0.80548	0.00 80548	0.01 61096	0.02 41647	0.03 22192
295	0.80822	0.00 80822	0.01 61644	0.02 42469	0.03 23288
296	0.81096	0.00 81096	0.01 62192	0.02 43291	0.03 24384
297	0.81370	0.00 81370	0.01 62740	0.02 44113	0.03 25480
298	0.81644	0.00 81644	0.01 63288	0.02 44935	0.03 26576
299	0.81918	0.00 81918	0.01 63836	0.02 45757	0.03 27672
300	0.82192	0.00 82192	0.01 64384	0.02 46579	0.03 28768
301	0.82466	0.00 82466	0.01 64932	0.02 47401	0.03 29864
302	0.82740	0.00 82740	0.01 65480	0.02 48223	0.03 30960
303	0.83014	0.00 83014	0.01 66028	0.02 49045	0.03 32056
304	0.83288	0.00 83288	0.01 66576	0.02 49867	0.03 33152
305	0.83562	0.00 83562	0.01 67124	0.02 50689	0.03 34248
306	0.83836	0.00 83836	0.01 67672	0.02 51511	0.03 35344
307	0.84110	0.00 84110	0.01 68220	0.02 52333	0.03 36440
308	0.84384	0.00 84384	0.01 68768	0.02 53155	0.03 37536
309	0.84658	0.00 84658	0.01 69316	0.02 53977	0.03 38632
310	0.84932	0.00 84932	0.01 69864	0.02 54799	0.03 39728
311	0.85206	0.00 85206	0.01 70412	0.02 55621	0.03 40824
312	0.85480	0.00 85480	0.01 70960	0.02 56443	0.03 41920
313	0.85754	0.00 85754	0.01 71508	0.02 57265	0.03 43016
314	0.86028	0.00 86028	0.01 72056	0.02 58087	0.03 44112
315	0.86302	0.00 86302	0.01 72604	0.02 58909	0.03 45208
316	0.86576	0.00 86576	0.01 73152	0.02 59731	0.03 46304
317	0.86850	0.00 86850	0.01 73699	0.02 60553	0.03 47400
318	0.87124	0.00 87124	0.01 74247	0.02 61375	0.03 48496
319	0.87398	0.00 87398	0.01 74794	0.02 62197	0.03 49592
320	0.87672	0.00 87672	0.01 75342	0.02 63019	0.03 50688
321	0.87946	0.00 87946	0.01 75890	0.02 63841	0.03 51784
322	0.88220	0.00 88220	0.01 76438	0.02 64663	0.03 52880
323	0.88494	0.00 88494	0.01 76986	0.02 65485	0.03 53976
324	0.88768	0.00 88768	0.01 77534	0.02 66307	0.03 55072
325	0.89042	0.00 89042	0.01 78082	0.02 67129	0.03 56168
326	0.89316	0.00 89316	0.01 78630	0.02 67951	0.03 57264

Interest

on \$1.—(Continued.)

%	Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
0038	261	\$0.03 57535	\$0.04 29042	\$0.05 00549	\$0.05 72056	\$0.06 43563	\$0.07 1507
0124	262	0.03 58905	0.04 30686	0.05 02467	0.05 74248	0.06 46029	0.07 1781
0220	263	0.03 60275	0.04 32330	0.05 04385	0.05 76440	0.06 48495	0.07 2055
0316	264	0.03 61645	0.04 33974	0.05 06303	0.05 78632	0.06 50961	0.07 2329
0412	265	0.03 63015	0.04 35618	0.05 08221	0.05 80824	0.06 53427	0.07 2603
0508	266	0.03 64385	0.04 37262	0.05 10139	0.05 83016	0.06 55893	0.07 2877
0604	267	0.03 65755	0.04 38906	0.05 12057	0.05 85208	0.06 58359	0.07 3151
0700	268	0.03 67125	0.04 40550	0.05 13975	0.05 87400	0.06 60825	0.07 3425
0796	269	0.03 68495	0.04 42194	0.05 15893	0.05 89592	0.06 63291	0.07 3699
0892	270	0.03 69865	0.04 43838	0.05 17811	0.05 91784	0.06 65757	0.07 3973
0988	271	0.03 71235	0.04 45482	0.05 19729	0.05 93976	0.06 68223	0.07 4247
1084	272	0.03 72605	0.04 47126	0.05 21647	0.05 96168	0.06 70689	0.07 4521
1180	273	0.03 73975	0.04 48770	0.05 23565	0.05 98360	0.06 73155	0.07 4795
1272	274	0.03 75345	0.04 50414	0.05 25476	0.06 00544	0.06 75612	0.07 5069
1368	275	0.03 76710	0.04 52052	0.05 27394	0.06 02736	0.06 78078	0.07 5343
1464	276	0.03 78080	0.04 53696	0.05 29312	0.06 04928	0.06 80544	0.07 5616
1560	277	0.02 79450	0.04 55340	0.05 31230	0.06 07120	0.06 83010	0.07 5890
1656	278	0.03 80820	0.04 56984	0.05 33148	0.06 09312	0.06 85476	0.07 6164
1752	279	0.03 82190	0.04 58628	0.05 35066	0.06 11504	0.06 87942	0.07 6438
1848	280	0.03 83560	0.04 60272	0.05 36984	0.06 13696	0.06 90408	0.07 6712
1944	281	0.03 84930	0.04 61916	0.05 38902	0.06 15888	0.06 92874	0.07 6986
2040	282	0.03 86300	0.04 63560	0.05 40820	0.06 18080	0.06 95340	0.07 7260
2136	283	0.03 87670	0.04 65204	0.05 42738	0.06 20272	0.06 97806	0.07 7534
2232	284	0.03 89040	0.04 66848	0.05 44656	0.06 22464	0.07 00272	0.07 7808
2328	285	0.03 90410	0.04 68492	0.05 46574	0.06 24656	0.07 02738	0.07 8082
2424	286	0.03 91780	0.04 70136	0.05 48492	0.06 26848	0.07 05204	0.07 8356
2520	287	0.03 93150	0.04 71780	0.05 50410	0.06 29040	0.07 07670	0.07 8630
2616	288	0.03 94520	0.04 73424	0.05 52328	0.06 31232	0.07 10136	0.07 8904
2712	289	0.03 95890	0.04 75068	0.05 54246	0.06 33424	0.07 12602	0.07 9178
2808	290	0.03 97260	0.04 76712	0.05 56164	0.06 35616	0.07 15068	0.07 9452
2904	291	0.03 98630	0.04 78356	0.05 58082	0.06 37808	0.07 17534	0.07 9726
3000	292	0.04 00000	0.04 80000	0.05 60000	0.06 40000	0.07 20000	0.08 0000
3096	293	0.04 01370	0.04 81644	0.05 61918	0.06 42192	0.07 22466	0.08 0274
3192	294	0.04 02740	0.04 83288	0.05 63836	0.06 44384	0.07 24932	0.08 0548
3288	295	0.04 04110	0.04 84932	0.05 65754	0.06 46576	0.07 27398	0.08 0822
3384	296	0.04 05480	0.04 86576	0.05 67672	0.06 48768	0.07 29864	0.08 1096
3480	297	0.04 06850	0.04 88220	0.05 69590	0.06 50960	0.07 32330	0.08 1370
3576	298	0.04 08220	0.04 89864	0.05 71508	0.06 53152	0.07 34796	0.08 1644
3672	299	0.04 09590	0.04 91508	0.05 73426	0.06 55344	0.07 37262	0.08 1918
3768	300	0.04 10960	0.04 93152	0.05 75344	0.06 57536	0.07 39728	0.08 2192
3864	301	0.04 12330	0.04 94796	0.05 77262	0.06 59728	0.07 42194	0.08 2466
3960	302	0.04 13700	0.04 96440	0.05 79180	0.06 61920	0.07 44660	0.08 2740
4056	303	0.04 15070	0.04 98084	0.05 81098	0.06 64112	0.07 47126	0.08 3014
4152	304	0.04 16440	0.04 99728	0.05 83016	0.06 66304	0.07 49592	0.08 3288
4248	305	0.04 17810	0.05 01372	0.05 84934	0.06 68496	0.07 52058	0.08 3562
4344	306	0.04 19180	0.05 03016	0.05 86852	0.06 70688	0.07 54524	0.08 3836
4440	307	0.04 20550	0.05 04660	0.05 88770	0.06 72880	0.07 56990	0.08 4110
4536	308	0.04 21920	0.05 06304	0.05 90688	0.06 75072	0.07 59456	0.08 4384
4632	309	0.04 23290	0.05 07948	0.05 92606	0.06 77264	0.07 61922	0.08 4658
4728	310	0.04 24660	0.05 09592	0.05 94524	0.06 79456	0.07 64388	0.08 4932
4820	311	0.04 26025	0.05 11236	0.05 96436	0.06 81640	0.07 66845	0.08 5206
4916	312	0.04 27395	0.05 12874	0.05 98353	0.06 83832	0.07 69311	0.08 5479
5012	313	0.04 28765	0.05 14518	0.06 00271	0.06 86024	0.07 71777	0.08 5753
5108	314	0.04 30135	0.05 16162	0.06 02189	0.06 88216	0.07 74243	0.08 6027
5204	315	0.04 31505	0.05 17806	0.06 04107	0.06 90408	0.07 76709	0.08 6301
5300	316	0.04 32875	0.05 19450	0.06 06025	0.06 92600	0.07 79175	0.08 6575
5396	317	0.04 34245	0.05 21094	0.06 07943	0.06 94792	0.07 81641	0.08 6849
5492	318	0.04 35615	0.05 22738	0.06 09861	0.06 96984	0.07 84107	0.08 7123
5588	319	0.04 36985	0.05 24382	0.06 11779	0.06 99176	0.07 86573	0.08 7397
5684	320	0.04 38355	0.05 26026	0.06 13697	0.07 01368	0.07 89039	0.08 7671
5780	321	0.04 39725	0.05 27670	0.06 15615	0.07 03560	0.07 91505	0.08 7945
5876	322	0.04 41095	0.05 29314	0.06 17533	0.07 05752	0.07 93971	0.08 8219
5972	323	0.04 42465	0.05 30958	0.06 19451	0.07 07944	0.07 96437	0.08 8493
6068	324	0.04 43835	0.05 32602	0.06 21369	0.07 10136	0.07 98903	0.08 8767
6164	325	0.04 45205	0.05 34246	0.06 23287	0.07 12328	0.08 01369	0.08 9041
7260	326	0.04 46575	0.05 35890	0.06 25205	0.07 14520	0.08 03835	0.08 9315

Interest

Days.	Decimals of days.	1½ per %	2 per %	3 per %	4 per %
327	0.89589	\$0.00 89589	\$0.01 79178	\$0.02 68767	\$0.03 58356
328	0.89863	0.00 89863	0.01 79726	0.02 69589	0.03 59452
329	0.90137	0.00 90137	0.01 80274	0.02 70411	0.03 60548
330	0.90411	0.00 90411	0.01 80822	0.02 71233	0.03 61644
331	0.90685	0.00 90685	0.01 81370	0.02 72055	0.03 62740
332	0.90959	0.00 90959	0.01 81918	0.02 72877	0.03 63836
333	0.91233	0.00 91233	0.01 82466	0.02 73699	0.03 64932
334	0.91507	0.00 91507	0.01 83014	0.02 74521	0.03 66028
335	0.91781	0.00 91781	0.01 83562	0.02 75343	0.03 67124
336	0.92055	0.00 92055	0.01 84110	0.02 76165	0.03 68220
337	0.92329	0.00 92329	0.01 84658	0.02 76987	0.03 69316
338	0.92603	0.00 92603	0.01 85206	0.02 77809	0.03 70412
339	0.92877	0.00 92877	0.01 85754	0.02 78631	0.03 71508
340	0.93151	0.00 93151	0.01 86302	0.02 79453	0.03 72604
341	0.93425	0.00 93425	0.01 86850	0.02 80275	0.03 73700
342	0.93699	0.00 93699	0.01 87398	0.02 81097	0.03 74796
343	0.93973	0.00 93973	0.01 87946	0.02 81919	0.03 75892
344	0.94247	0.00 94247	0.01 88494	0.02 82741	0.03 76988
345	0.94521	0.00 94521	0.01 89042	0.02 83563	0.03 78084
346	0.94795	0.00 94795	0.01 89590	0.02 84385	0.03 79180
347	0.95068	0.00 95068	0.01 90138	0.02 85207	0.03 80276
348	0.95342	0.00 95342	0.01 90684	0.02 86029	0.03 81372
349	0.95616	0.00 95616	0.01 91232	0.02 86851	0.03 82468
350	0.95890	0.00 95890	0.01 91780	0.02 87673	0.03 83564
351	0.96164	0.00 96164	0.01 92328	0.02 88495	0.03 84660
352	0.96438	0.00 96438	0.01 92876	0.02 89317	0.03 85756
353	0.96712	0.00 96712	0.01 93424	0.02 90139	0.03 86852
354	0.96986	0.00 96986	0.01 93972	0.02 90961	0.03 87948
355	0.97260	0.00 97260	0.01 94520	0.02 91783	0.03 89044
356	0.97534	0.00 97534	0.01 95068	0.02 92605	0.03 90140
357	0.97808	0.00 97808	0.01 95616	0.02 93427	0.03 91236
358	0.98082	0.00 98082	0.01 96164	0.02 94249	0.03 92332
359	0.98356	0.00 98356	0.01 96712	0.02 95071	0.03 93428
360	0.98630	0.00 98630	0.01 97260	0.02 95893	0.03 94524
361	0.98904	0.00 98904	0.01 97808	0.02 96715	0.03 95620
362	0.99178	0.00 99178	0.01 98356	0.02 97537	0.03 96716
363	0.99452	0.00 99452	0.01 98904	0.02 98359	0.03 97812
364	0.99726	0.00 99726	0.01 99452	0.02 99181	0.03 98908
365	1.00000	0.01 00000	0.02 00000	0.03 00000	0.04 00000

Interest

on \$1.

%

Days.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
327	\$0.04 47945	\$0.05 37534	\$0.06 27123	\$0.07 16712	\$0.08 06301	\$0.08 9589
328	0.04 49315	0.05 39178	0.06 29041	0.07 18904	0.08 08767	0.08 9863
329	0.04 50685	0.05 40822	0.06 30959	0.07 21006	0.08 11233	0.09 0137
330	0.04 52055	0.05 42466	0.06 32877	0.07 23288	0.08 13699	0.09 0411
331	0.04 53425	0.05 44110	0.06 34795	0.07 25480	0.08 16165	0.09 0685
332	0.04 54795	0.05 45754	0.06 36613	0.07 27672	0.08 18631	0.09 0959
333	0.04 56165	0.05 47398	0.06 38631	0.07 29864	0.08 21097	0.09 1233
334	0.04 57535	0.05 49042	0.06 40549	0.07 32056	0.08 23563	0.09 1507
335	0.04 58905	0.05 50686	0.06 42467	0.07 34248	0.08 26029	0.09 1781
336	0.04 60275	0.05 52330	0.06 44385	0.07 36440	0.08 28495	0.09 2055
337	0.04 61645	0.05 53974	0.06 46303	0.07 38632	0.08 30961	0.09 2329
338	0.04 63015	0.05 55618	0.06 48221	0.07 40824	0.08 33427	0.09 2603
339	0.04 64385	0.05 57262	0.06 50139	0.07 43016	0.08 35893	0.09 2877
340	0.04 65755	0.05 58906	0.06 52057	0.07 45208	0.08 38359	0.09 3151
341	0.04 67125	0.05 60550	0.06 53975	0.07 47400	0.08 40825	0.09 3425
342	0.04 68495	0.05 62194	0.06 55893	0.07 49592	0.08 43291	0.09 3699
343	0.04 69865	0.05 63838	0.06 57811	0.07 51784	0.08 45757	0.09 3973
344	0.04 70235	0.05 65482	0.06 59729	0.07 53976	0.08 48223	0.09 4247
345	0.04 72605	0.05 67126	0.06 61647	0.07 56168	0.08 50689	0.09 4521
346	0.04 73975	0.05 68770	0.06 63565	0.07 58360	0.08 53155	0.09 4795
347	0.04 75340	0.05 70408	0.06 65476	0.07 60544	0.08 55612	0.09 5068
348	0.04 76710	0.05 72052	0.06 67394	0.07 62736	0.08 58078	0.09 5342
349	0.04 78080	0.05 73696	0.06 69312	0.07 64928	0.08 60544	0.09 5616
350	0.04 79450	0.05 75340	0.06 71230	0.07 67120	0.08 63010	0.09 5890
351	0.04 80820	0.05 76984	0.06 73148	0.07 69312	0.08 65476	0.09 6164
352	0.04 82290	0.05 78628	0.06 75066	0.07 71504	0.08 67942	0.09 6438
353	0.04 83560	0.05 80272	0.06 76984	0.07 73696	0.08 70408	0.09 6712
354	0.04 84940	0.05 81808	0.06 78776	0.07 75744	0.08 72712	0.09 6986
355	0.04 86300	0.05 83560	0.06 80820	0.07 78080	0.08 75340	0.09 7260
356	0.04 87670	0.05 85204	0.06 82738	0.07 80272	0.08 77806	0.09 7534
357	0.04 89040	0.05 86848	0.06 84656	0.07 82464	0.08 80252	0.09 7808
358	0.04 90410	0.05 88492	0.06 86574	0.07 84656	0.08 82738	0.09 8082
359	0.04 91780	0.05 90136	0.06 88492	0.07 86848	0.08 85204	0.09 8356
360	0.04 93150	0.05 91780	0.06 90410	0.07 89040	0.08 87670	0.09 8630
361	0.04 94520	0.05 93424	0.06 92328	0.07 91232	0.08 90136	0.09 8904
362	0.04 95890	0.05 95068	0.06 94246	0.07 92424	0.08 92602	0.09 9178
363	0.04 97260	0.05 96712	0.06 96164	0.07 95616	0.08 95068	0.09 9452
364	0.04 98630	0.05 98356	0.06 98082	0.07 97808	0.08 97534	0.09 9726
365	0.05 00000	0.06 00000	0.07 00000	0.08 00000	0.09 00000	0.10 0000

TABLE

Interest

Months.	Decimals. of months.	1 per %	2 per %	3 per %	4 per %
1	0.08333	\$0.00 08333	\$0.00 16666	\$0.00 24999	\$0.00 33332
2	0.16667	0.00 16667	0.00 33334	0.00 50000	0.00 66668
3	0.25000	0.00 25000	0.00 50000	0.00 75000	0.01 00000
4	0.33333	0.00 33333	0.00 66666	0.00 99999	0.01 33332
5	0.41667	0.00 41667	0.00 83334	0.01 25001	0.01 66668
6	0.50000	0.00 50000	0.01 00000	0.01 50000	0.02 00000
7	0.58333	0.00 58333	0.01 16666	0.01 74999	0.02 33332
8	0.66667	0.00 66667	0.01 33334	0.02 00001	0.02 66668
9	0.75000	0.00 75000	0.01 50000	0.02 25000	0.03 00000
10	0.83333	0.00 83333	0.01 66666	0.02 49999	0.03 33332
11	0.91667	0.00 91667	0.01 83334	0.02 75001	0.03 66668
12	1.00000	0.01 00000	0.02 00000	0.03 00000	0.04 00000

Interest

TABLE

Years	Decimals of years.	1 per %	2 per %	3 per %	4 per %
1	1.00000	\$0.01 00	\$0.02 00	\$0.03 00	\$0.04 00
2	2.00000	0.02 00	0.04 00	0.06 00	0.08 00
3	3.00000	0.03 00	0.06 00	0.09 00	0.12 00
4	4.00000	0.04 00	0.08 00	0.12 00	0.16 00
5	5.00000	0.05 00	0.10 00	0.15 00	0.20 00
6	6.00000	0.06 00	0.12 00	0.18 00	0.24 00
7	7.00000	0.07 00	0.14 00	0.21 00	0.28 00
8	8.00000	0.08 00	0.16 00	0.24 00	0.32 00
9	9.00000	0.09 00	0.18 00	0.27 00	0.36 00
10	10.00000	0.10 00	0.20 00	0.30 00	0.40 00

No. 2.—MONTHS.

on \$1.

Month	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
1	0.00 41665	0.00 49998	0.00 58331	0.00 66664	0.00 74997	0.00 83330
2	0.00 83335	0.01 00002	0.01 16669	0.01 33338	0.01 50003	0.01 66667
3	0.01 25000	0.01 50000	0.01 75000	0.02 00000	0.02 25000	0.02 50000
4	0.01 66665	0.01 99998	0.02 33331	0.02 66664	0.02 99997	0.03 33330
5	0.02 08335	0.02 50002	0.02 91669	0.03 33338	0.03 75003	0.04 16667
6	0.02 50000	0.03 00000	0.03 50000	0.04 00000	0.04 50000	0.05 00000
7	0.02 91665	0.03 49998	0.04 08331	0.04 66664	0.05 24997	0.05 83330
8	0.03 33335	0.04 00002	0.04 66669	0.05 33338	0.06 00003	0.06 66667
9	0.03 75000	0.04 50000	0.05 25000	0.06 00000	0.06 75000	0.07 50000
10	0.04 16665	0.04 99998	0.05 83331	0.06 66664	0.07 49997	0.08 33330
11	0.04 58335	0.05 50002	0.06 41669	0.07 33338	0.08 25003	0.09 16667
12	0.05 00000	0.06 00000	0.07 00000	0.08 00000	0.09 00000	0.10 00000

on \$1.

No. 3.—YEARS.

Years.	5 per %	6 per %	7 per %	8 per %	9 per %	10 per %
1	0.0500	0.0600	0.0700	0.0800	0.0900	0.1000
2	0.1000	0.1200	0.1400	0.1600	0.1800	0.2000
3	0.1500	0.1800	0.2100	0.2400	0.2700	0.3000
4	0.2000	0.2400	0.2800	0.3200	0.3600	0.4000
5	0.2500	0.3000	0.3500	0.4000	0.4500	0.5000
6	0.3000	0.3600	0.4200	0.4800	0.5400	0.6000
7	0.3500	0.4200	0.4900	0.5600	0.6300	0.7000
8	0.4000	0.4800	0.5600	0.6400	0.7200	0.8000
9	0.4500	0.5400	0.6300	0.7200	0.8100	0.9000
10	0.5000	0.6000	0.7000	0.8000	0.9000	1.0000

SINKING-FUND—"AMORTISSEMENT."

If Büshring has deserved the credit of having first invented the bond (*lettre de gage*) for the "Crédit Foncier" Institution in 1769; in other words, if he discovered the way to obtain capital, he cannot claim the credit of having introduced the principle of a sinking-fund in loans on mortgage. George III., King of England, was the first to make it obligatory in Hanover with all persons transacting business with the "Crédit Foncier" of Lunenburg. Without this sinking-fund—since found to be indispensable—no institution can operate with advantage to the farmer or security to the bank.

Mr. Royer, in his Report of 1845, states "that it appears astonishing that it took 'upwards of half a century to understand and apply this important improvement all over Germany, and without the principle, the 'Crédit Foncier' would have been nothing but 'an incomplete and fragile frame work, which would have embarrassed the public credit' and the political economy of the States in which it was established." In 1822, Prussia made a trial of the sinking-fund principle in the Duchy of Posen, and after some years experience, its remarkable superiority over the old system left no alternative to the Government, which, by order in council, established a compulsory sinking-fund with gradual payment in all the "Crédit Foncier" Institutions of the kingdom. Mr. Royer continues: "It is a strange fact that several economists have propounded the idea (among them Adam Smith and Sismondi), that the intelligent agricultural class—that class which effect improvements, and which consequently meet the views of political economy, and whose vocation in the public interest is to advance capital, are by their very nature unable ever to free their capital, being barely able to pay an interest equal to that paid by other industrial classes." This opinion has not hitherto been sufficiently weighed in France. As the opinion is as true as it is important, and as upon it alone rest nearly all the principles and the mechanism of agricultural credit usefully organized, I think it my duty to insist upon its importance in this part of my work.

Market commodities, of a value which can be promptly realized, do not amount to a large sum in the higher grades of agriculture, and are only produced as the tardy result of a large investment of capital, the interest of which they barely represent in addition to a very small dividend. Real improvements are only effected by an increase of provender, for which advances have been made during at least one year, and the perpetuity of operations and speculations in rural affairs so arranges it that this capital advanced one year must be again advanced the second, so that there may be always in the ground a preparation for a crop similar to that in the barn. In this feature alone we can observe the use of a double capital. It is true that with manufactures there is no more rest than in agriculture: there must be a capital in stock, and a capital outside; but here the analogy ceases; the article manufactured is immediately saleable, and during the year at the latest it produces a return of funds which can be used the ensuing; at any rate, in a crisis, the article is in store as sleeping capital, and can be offered as security for the notes of the manufacturer, and without requiring any new investment of funds. With progressive agriculture, matters are quite different. With the latter, the provender created, of whatever kind it may be, cannot be sold in the market to realize the capital required for the work of the ensuing year, but it ought on the contrary to be consumed on the farm itself, by cattle which can only be sold in 3, 4, and sometimes 7 or 8 years, and which during that time, instead of giving cash funds to the farmer, increase his ordinary expenses considerably:

By the sum invested in the purchase of cattle;

By the increase of out-houses to accommodate that cattle;

By increase in the cost of labor to feed this additional stock, to convey the manure to the field, and to take in, at suitable seasons, the increase of produce which results from these proceedings, &c.

And as each fresh improvement is followed by an increase of provender, each year the progressive farmer, instead of being able to pay up the capital which he has borrowed, is compelled to assist what he has, with the addition of new capital.

These incontestible principles have been too often ignored by us, and this neglect has been the main cause of failure in agricultural pursuits; even those who may have had a general idea of them have rarely calculated their practical importance. You will, therefore,

pardon me if I reduce them to figures, not in the form of an exaggerated abstraction, but, on the contrary, in the form of the simple result of daily observation.

Let us take, for instance, one thousand francs, used in the establishment of cultivated pastures,—certainly the most simple and profitable of all agricultural improvements. From this investment we can realize by sale of the cattle which consumed the provender, in ordinary circumstances, at least 1,100 francs, without including the value of the manure produced, which of itself would be considered a very lucrative operation. Nevertheless, while these 1,100 francs' worth of provender are consumed, the farmer has necessarily made advances to the soil to the amount of the whole of a similar crop for the ensuing year; and though this crop may also produce 1,100 francs, in addition to the manure, there is only in hand for an advance of 2,000 francs the sum of 1,100 francs.

Each kilogram of provender being worth about four "centimes," the 1,100 francs in hand are represented by about 27,500 kilograms of dry provender, which would suffice, at the rate of 3 of provender to 100 kilograms of cattle, to feed 2,500 kilograms of cattle; or, at 60 cents per kilogram, would constitute a further advance of 1,500 francs.

If a progressive farmer would devote his attention to fattening cattle, and had in his possession sufficient out-buildings to use 1,000 francs in raising provender, he would only require to have at his disposal:—

For years of production, - - - - -	2,000 fr.
For purchase of cattle, - - - - -	1,500
For care, preparation, labor, &c., - - - - -	100
Total, - - - - -	3,600 fr.

But more frequently it is young growing cattle which the farmer will raise, and his buildings will require an increase proportionate to the increase of his flock and his crops:—

To accommodate each head of cattle, say 300 francs, about what each head is worth, - - - - -	1,500 fr.
Then, during four years, his cattle will consume, without giving any return, 1,100 francs' worth of provender, - - - - -	4,400
For care, &c., &c., - - - - -	400
Total, - - - - -	6,300 fr.

Add this sum to 1,000 francs, value of crop in the ground, and 1,000 francs of provender in store,—in all, it will form the sum of 8,300 francs, which the farmer must advance before he receives a return by the sale of his cattle, or a capital $8\frac{1}{2}$ times greater than that which a superficial examination might have induced him to consider sufficient.

If, instead of the 8,300 francs, the farmer only had at his disposal six or seven thousand, he might be compelled to sell at a sacrifice, exposing himself to a loss of his whole profit, and perhaps a portion of his capital. This frequently happens. But it does not follow that because the farmer has reached his fourth year without embarrassment, he can, at the expiration of that time, realize his capital in full, to enable him to repay the whole or part of the money which he may have borrowed; he is then only able to take to market the produce of one year's operations and not of four years, because it is necessary for him to keep at all times upon his farm an equal number of heads of cattle. He would therefore only sell one-fourth of his stock, and if he should realize 1,500 by the sale, he will have done well. Now, deducting from this sum 1,000 francs, to replace his investment, and 100 francs for labor and care of cattle, he remains with 400 francs at his disposal to pay the interest of these two sums, and for interest and sinking-fund of 300 francs originally disbursed for building as well as purchasing cattle. Now, 400 francs may be sufficient interest on 4,100 francs, even on 8,000 francs, and from it we might take an annuity for a sinking-fund at long date; but it is evident that without some medium through which his capital may become recomposed by compound interest, the most industrious farmer would never be able, out of his farm produce, to repay the capital which he has borrowed for improvements.

If we have succeeded in showing, as we think we have, that the farmer is positively unable to repay the amount of capital invested on landed improvements at least as a general rule, we shall find that fresh advances continue to increase the amount of his

liability; that the debts due by his property became from time to time a new incentive to effect fresh loans; that all hope of freeing himself from debt is lost; and driven irresistibly as it were towards a fathomless abyss, the burdened proprietor could scarcely be brought to realize the benefits to be derived from an institution sufficiently powerful to prevent his ruin, although he could not understand how by deferring payment that ruin could be avoided. We cannot therefore be surprised that critical observers have in Prussia severely judged this gigantic development of operations connected with landed credit; but we must be careful not to arrive at erroneous conclusions with regard to causes, and particularly we should not lose sight of the fact that compulsory sinking-fund would, in less than 40 years completely extinguish all the debts actually due. The amount of obligations issued in the countries where the sinking fund is obligatory is much smaller; thus the obligations issued by the "*Crédit Foncier*" of Lunenburg only reach the figure of 1,500,000 Prussian half dollars, equal to about 5,625,000 francs; about the same amount is issued by the institution of the Principalities of Galenbergh, Grubenhager and Hildesheim; the Duchy of Bremen about 3,750,000 francs, and the kingdom of Hanover about 14 millions francs; amounting in all to about 29 millions francs, which form the total liability of the kingdom of Hanover. This amount will be liquidated by the sinking-fund in 36 years, and the only charge is 5 per cent.— $4\frac{1}{2}$ and $4\frac{1}{4}$ is the rate charged to proprietors who borrow, and the loan is for one-third of a century.

It is no doubt very satisfactory to see the wonders which can be accomplished by a "*Crédit Foncier*" system which would permit of the repayment and renewal three times in one century, of a capital of 150 millions of francs at the rate of 4 to $4\frac{1}{2}$ per cent. interest in a country of the limited extent of Silesia; while upwards of half a billion of francs would be, during that time, expended in agricultural improvements; but it would interfere with the maintenance of the necessary equilibrium in international relations if other countries did not keep pace with those which have already entered upon the path of success and prosperity.

Prussia has only as yet a start of 5 or 6 years, as her system of sinking-fund was established in 1839, but it might be dangerous for France to neglect following the good example.

In 1851, Mr. Josseau writes: "We have perfected this combination, repayment by a sinking-fund has been introduced, and the *Crédit Foncier* was only in reality organized but from that moment."

Without multiplying quotations, and without reproducing the opinions of all those who have written on the subject of a sinking-fund in agricultural loans, it is only necessary to reflect upon the actual produce of the soil, to be convinced that there is no more suitable manner for repayment of the debt due by the farmer. It is because this system has not been adopted that so many farmers have been ruined. Many persons do not understand how by a fractional repayment each year the debt can be paid in full through the sinking-fund in such a short time;—it is by compound interest. Thus, let us suppose that we pay 1 per cent. sinking-fund per annum; it would take 100 years to repay, if the annual interest were not added each year, and the interest on that recalculated and added each year; it is this interest on the interest which, as it accumulates each year, increases in its progress the amount of the sinking-fund, which, in its turn, produces a larger interest, so that at the end of 33 years 4 months and 24 days the capital is paid up and the debt cancelled.

Let us suppose that you have borrowed from the *Crédit Foncier* the sum of 100 dollars, at 8 dollars per annum; this would comprise six dollars for interest, one dollar for cost of management, and one dollar for sinking-fund: at the end of the year you will only owe \$99, as you have repaid one dollar. As the institution lends your dollar at interest, you will get credit for that interest, and adding that to the dollar already paid in and the dollar of the ensuing year, your debt will be reduced at the end of the second year to \$97.94. Thus it will diminish in a greater ratio each year, owing to the sinking-fund and compound interest. Table No. 4, page 78, shows the progress of the sinking-fund from one per cent., calculated at the rate of six per cent. interest. By comparing it with table No. 6, page 80, 6 interest column, we find that the progress of the sinking-fund is conformable to the former statement, if we take pains to divide by one hundred the amounts of table No. 6, as the first shows the annual increase of \$1 and the other of \$100. It must

also be borne in mind that the first year of one corresponds to the second year of the other. The higher the rate of interest and the greater the amount paid in annually as sinking-fund, the more rapid is the accumulation of that fund, owing to compound interest. The computation of compound interest is a very lengthy and fatiguing process if we use figures: compound interest, after all, is nothing but the calculation of simple interest repeated with regard to the new capital constantly produced by the annual interest and added to the former capital.

In arithmetical calculation, we use the following rule of proportion:—One hundred multiplied by itself as many times as there are years minus one, is to one hundred *plus* the rate per cent multiplied as many times by itself as there are years minus one, what the principal is to the principal *plus* the interest. In ordinary practice, it is more convenient to find the capital and the compound interest of one dollar, and then multiply the product by the capital proposed. To find the capital and compound interest of one dollar for a certain number of years, we must raise the number 1 *plus* the interest on one dollar to the power designated by the number of years.

The following is the arithmetical proof: Let us suppose that we are in search of the sum which one dollar placed at compound interest during three years would produce, at the rate of 6 per cent. annual interest:—

$$100 : 106 :: 1 : x = \frac{106}{100} = 1.06 \text{ value of one dollar and its interest for the 1st year.}$$

$$1 : 1.06 :: 1.06 : x = 1.06 \times 1.06 = 1.06^2 \text{ " " for the 2nd year.}$$

$$1 : 1.06 :: 1.06^2 : x = 1.06 \times 1.06^2 = 1.06^3 \text{ " " for the 3rd year.}$$

We see, therefore, that the capital and compound interest of one dollar at the end of three years is equal to the unit, *plus* the interest of one year raised to the third power; but here this result is merely pointed out; it would be necessary to multiply 1.06 by itself as many times minus one as the number of powers, and this would become very fatiguing if the number of years were large. It is much better to use logarithms, the addition of which is equal to the multiplication of numbers, and the multiplication of which is equal to raising the number to the required power. Thus, to find the value of 1.06^3 , I first seek the logarithm of 106, which is 2.02531; I place a zero instead of the characteristic of the logarithm, because the logarithm is of 106, not 1.06, which we do not find in the tables; I multiply the logarithm, thus reduced by 3 which is the power or the number of years sought for; this gives 0.07533. As the logarithm is not to be found in the tables, I increase the characteristic as much as the tables will permit, which is 3 by Laland's tables; I find as corresponding to this number the logarithm 1191, which I divide by 1000, value of the increase of the characteristic; the result is 1.191, that is to say \$1.191 one dollar nineteen cents and one mill.

I thought that it might be useful to prepare some forms and tables of calculation for compound interest. They will save fatigue to those who desire to make these calculations in their affairs, as well as those who wish to ascertain the progress of compound interest. Thus, to find the amount or value of one dollar with its interest at the end of the year, we have:—

$$100 : t :: 1 : x = \frac{t}{100} \text{ interest of one dollar.}$$

$$\text{By adding one dollar to its interest we find: } 1 + \frac{t}{100} = s$$

To find the amount of any capital for any number of years, we use the following proportions:

For the 1st year,

$$100 : t :: c : x = \frac{ct}{100} \text{ thus } m = c + \frac{ct}{100} = c \left(1 + \frac{t}{100} \right) = s$$

For the 2nd year,

$$100 : t :: c \left(1 + \frac{t}{100} \right) : x = \frac{ct}{100} \left(1 + \frac{t}{100} \right);$$

$$\text{thus } m = c \left(1 + \frac{t}{100}\right) + \frac{ct}{100} \left(1 + \frac{t}{100}\right) = c \left(1 + \frac{t}{100}\right) \left(1 + \frac{t}{100}\right) \\ = c \left(1 + \frac{t}{100}\right)^2 = c s^2$$

By continuing these calculations, during as many years as we please, we shall find that the exponent of s is always equal to the number of years; thus we have the form:

$$m = c s^n$$

Application.—Let us suppose that we wish to find the amount or value which \$100 have reached at the end of ten years, at 6 per cent interest.—Thus, $c = 100$; $n = 10$; $s = 1.06$; and we have:

$$m = 100 \times 1.06^{10} = 100 \times \text{nom } 10 \log \text{ of } 1.06 = 100 \times \text{nom log } 0.25310 \\ = 100 \times 1.7908 = 179.08$$

Result which I have placed in Table No. 6, page 80. With the above form, it will be easy to verify the table which shows the value acquired by \$100 with compound interest at the end of a period varying from 1 to 50 years, at the rates of interest mentioned at the top of the columns. The same table will also serve to shew in how many years a capital is doubled, trebled, quadrupled, &c. But as the days are not marked, a rule can easily be made from the former one to suit this case. Thus, we have $m = c s^n$; we wish to know when m will become 2 c , 3 c , 4 c , &c., &c.

If we represent 2, 3, 4, &c., by d , we have $m = d c$; thus, $d c = c s^n$; thus $d = s^n$; and, by turning this exponential equation into a logarithm, we have—

$$\log, s^n = \log, d; \text{ n log, } s = \log, d; \text{ thus—}$$

$$n = \frac{\log d}{\log s}$$

which is the rule.

Application.—In what time will a capital be quadrupled at 6 per cent. interest?

$$n = \frac{\log 5}{\log 1.06} = \frac{0.69897}{0.02531} = 27.616$$

Twenty-seven years and 616 thousandths of a year. By multiplying 616 by 365, and dividing the product by 1000, we find 224 days and a fraction. Thus a capital is quintupled in 27 years and 225 days, a result which you will find in Table No. 6. A capital is doubled in 11 years and 322 days, is tripled in 18 years and 307 days, and is quadrupled in 28 years and 284 days, &c., at 6 per cent. interest. It is important to be able to find in what time a debt is repaid through a sinking-fund in relation to the rate of sinking-fund paid in each year. Table No. 5, page 79, computed at rates of interest varying from 4 to 10 per cent., will prove useful in this enquiry. The following is the rule to verify its correctness:—

$$n = \frac{\log \left(1 + \frac{t}{a}\right)}{\log s}$$

Application.—Let us suppose that we wish to find out how many years it would take to pay up an amount through a sinking-fund when the interest is 6 per cent. and the rate of sinking-fund 1 per cent.; we have the equation:—

$$n = \frac{\log \left(1 + \frac{6}{1}\right)}{\log 1.06} = \frac{\log 7}{\log 1.06} = \frac{0.84510}{0.02531} = 33.389$$

Thirty-three years and 389-1000 of a year. By referring to the decimals of the days Table No. 1, page , the first three decimals of which are 389, we find 149 days. Thus 33 years and 142 days is the time found in the table. It is equally important for those who wish to borrow from the "Crédit Foncier" to know what annuity they will have to pay to reimburse their debt through the sinking-fund in a particular time, the rate of interest and cost of management being also known. For this purpose I prepared Table No. 7, page 82.

It is computed at the first rate of 1 per cent. for cost of management, as arranged by the Convention at St. Hyacinthe on 17th December, 1862. The following is the rule by which to ascertain the annuity; it is by dividing the annuity that we find the rate of sinking-fund and that we can verify the table:

$$A = f + \frac{c s^n (s-1)}{s^n - 1}$$

Application.—Let us suppose that we wish to find an annuity which will repay through the sinking-fund a sum of \$100 in 10 years; cost of management being 1 per cent., interest 6 per cent., we have the equation

$$A = 1 + \frac{100 \times 1.06^{10} (1.06-1)}{1.06^{10}-1} = 1 + \frac{100 \times \text{nom } 10 \log \text{ of } 1.06 (1.06-1)}{\text{nom } 10 \log \text{ of } 1.06-1} =$$

$$= 1 \times \frac{100 \times \text{nom log } 0.25310 (1.06-1)}{\text{nom log } 0.25310-1} = 1 \times \frac{100 \times 1.791 \times 0.06}{0.791} =$$

$$= 1 \times 13.5949 = 14.5949.$$

Or \$14.59 with two decimals, amount which I have placed in Table No. 7, year 10, interest 6. When we have paid to the sinking-fund during a certain number of years, we sometimes wish to know how much we really have to our credit, so that we can pay off the balance by anticipatory payment. In order to find this amount, it must be remembered that in addition to the annual payment to the sinking-fund, the debtor has a right to the compound interest accruing at the end of each year. Now, we have observed that the amount of any capital for any number of years is $m = c s^n$, and from this we conclude that the compound interest is equal to s raised to the power n which represents the number of years. With a little attention we shall see that the debtor, at the beginning of the first year, paid in his contribution to the sinking fund; at the beginning of the second, he paid in another contribution, and in addition to this he has a right to the interest for one year on his first payment. At the beginning of the third year, he has paid in a third instalment, and he has a right to the interest of the interest, &c., &c., which forms a series progressing annually as follows:

$$c \times a s \times a s^2 \times a s^3 \times \dots \times a s^{n-1}.$$

Now, in order to find the result of this progression or the amount with which the debtor should be credited at the end of a certain number n of years, it is but necessary to remark that the first term is a and the ratio s . As in a geometrical progression each consequent is equal to its antecedent multiplied by the ratio, and this gives the equation: $m - a = a (m - a s^{n-1})$ from which we conclude $m - a = m s - a s^n$; $a s^n - a = m s - m$;

$$a s^n - a = (s - 1) m \quad \text{and lastly } m = \frac{a s^n - a}{s - 1}$$

which is the rule.

Application.—To find the amount produced by one dollar paid annually during 10 years at the rate of 6 per cent. interest.

$$m = \frac{1 \times 1.06^{10} - 1}{1.06 - 1} = \frac{\text{nom } 10 \log \text{ of } 1.06 - 1}{0.06} = \frac{\text{nom log } 0.25310 - 1}{0.06}$$

$$= \frac{0.791}{0.06} = 13.18333$$

I have used Lalande's tables instead of Callet's. Thus \$13.18 (limiting it to two decimals) is the amount paid off by sinking-fund in 10 years. By deducting this from the sum borrowed, the balance remaining due would be \$86.82 if the amount borrowed were \$100. At the commencement of the year table No. 4, page —, shews a balance of \$86.83, because I omitted in the calculations of each year decimals in excess of two.

A consideration worthy of remark is, that a borrower from the "Crédit Foncier," although he pays one per cent. for cost of management in addition to the interest, in reality only pays a smaller sum than he would have had to pay in an ordinary loan at the same rate of interest, without cost of management; but payment of capital in full, instead of by sinking-fund. Let us take, for instance, a loan of \$100 from the "Crédit Foncier"

at 6 per cent. interest for 20 years; the borrower would have to pay \$9.72 per annum, everything included; see Table No. 7, page 84. At the end of 20 years he will have disbursed \$194.40, and his debt is paid in full. If, instead of borrowing from the "Crédit Foncier," he had borrowed from an individual the sum of \$100, payable in 20 years, at 6 per cent., he would have to pay \$6 per annum interest, or \$120 *plus* the capital, in all \$220, which he will have disbursed instead of \$194.40 to the "Crédit Foncier." Let us take a loan of the same sum, at the same rate of interest, for 50 years. With the "Crédit Foncier," the borrower would have to pay annually \$7.34. Multiplying this sum by 50, he will have to pay \$367. By borrowing from another person at the same rate, without cost of management or sinking-fund, he would have to pay \$6, which, multiplied by 50, give \$300 interest, added to \$100 capital, and the transaction will amount to \$400. But as the borrower has, by his payments to the "Crédit Foncier," paid annually to the sinking fund a portion of his loan, which, in the second instance, could only be called for in 50 years, it is but right that he should get credit for the interest, at the same rate, on each payment to the sinking-fund. The sinking-fund on a loan of \$100 for 50 years being 34c. per annum, the amount of interest will be \$26.01, which, added to \$367, only make \$393.01. Even by calculating interest at 7 per cent., the amount of this interest would be \$30.34, making in all \$397.34, instead of \$400, which the borrower has paid with his loan, without cost of management and sinking-fund.

If we were to calculate the interest on the cost of management in addition to that on the sinking-fund, the total amount would show something in favor of the "Crédit Foncier," which would be about the half of 1 per cent. for a loan of 20 years, and a little less than $\frac{1}{4}$ th per cent. for a loan of 50 years. Certainly, the "Crédit Foncier" deserves credit for having produced such a lowering in the rate of interest all over the country.

In order to find the amount of simple interest on sinking-fund for 50 years, or for any other number of years, the following rule can be used:

$$S = (i + ni) \frac{n}{2}$$

In fact, if we observe rightly, the sinking-fund being always the same, its interest is likewise the same. The amount of interest will go on increasing each year, according to arithmetical progression, the first term of which is the interest of one year, which is at the same time the *ratio* of the progression, and the last term will be this interest multiplied by the number of years. We have already observed that the total amount of every arithmetical progression is equal to the first term *plus*, the last term multiplied by half the numbers of terms. Thus in the present case, the interest of 0.34c being \$0.0204, we have the first term of the progression; in multiplying it by 50 we shall have \$1.0200 for the last term. By adding the first to the last term, we find \$1.0404; in multiplying by 25 we find \$26.01 the sum required. The longer the dates of maturity are extended, the greater are the advantages in favor of the borrower, who can, if he wishes always pay up his debt by anticipatory liquidation. If we consider the most important point of all, the most disastrous to the farmer, that of the repayment of the capital borrowed in one whole sum, and even in two or three sums if the loan is not large, we must be struck with the immense advantages which the "Crédit Foncier" can confer upon the agricultural class. The mere consideration of this would be sufficient, if we had not the experience of German example, where the peasants have been relieved from debt by the "Crédit Foncier" in less than half a century, and their farms have remained in their hands free from all debts and incumbrances. The fact that 34 cents, about the third of one per cent., pay off a debt of \$100 to the "Crédit Foncier" in 50 years, is sufficient to shew the importance of small fractions of compound interest in the progress of accumulation, through the operations of the institution. As the "Crédit Foncier" loans to the agricultural class at the same rate at which it negotiates its own paper, it is clear that the interest of the farmer is to assist in having the latter negotiated in the best possible condition. When the "Crédit Foncier" is compelled to negotiate its paper in another country, every fraction of interest ($\frac{1}{4}$) is in the interest of the country equal to all the capital borrowed at the expiration of fifty years.

TABLE No. 4.

Shewing the progress of the sinking fund on a sum of \$100 calculated at 6 per cent interest;
sinking fund being \$1, and cost of management \$1.

Years.	Capital due at commencement of year.	Annuity.	Interest.	Cost of Management.	Sinking Fund.	Balance due at end of year.
	\$ cts.	\$	\$ cts.	\$	\$ cts.	\$ cts.
1	100.00	8	6 00	1	1 00	99.00
2	99.00	8	5 94	1	1 06	97.94
3	97.94	8	5 88	1	1 12	96.82
4	96.82	8	5 81	1	1 19	95.63
5	95.63	8	5 74	1	1 26	94.37
6	94.37	8	5 66	1	1 34	93.03
7	93.03	8	5 58	1	1 42	91.61
8	91.61	8	5 50	1	1 50	90.11
9	90.11	8	5 41	1	1 59	88.52
10	88.52	8	5 31	1	1 69	86.83
11	86.83	8	5 21	1	1 79	85.04
12	85.04	8	5 10	1	1 90	83.14
13	83.14	8	4 99	1	2 01	81.13
14	81.13	8	4 87	1	2 13	79.00
15	79.00	8	4 74	1	2 26	76.74
16	76.74	8	4 60	1	2 40	74.34
17	74.34	8	4 46	1	2 54	71.80
18	71.80	8	4 31	1	2 69	69.11
19	69.11	8	4 15	1	2 85	66.26
20	66.26	8	3 98	1	3 02	63.24
21	63.24	8	3 79	1	3 21	60.03
22	60.03	8	3 60	1	3 40	56.63
23	56.63	8	3 40	1	3 60	53.03
24	53.03	8	3 18	1	3 82	49.21
25	49.21	8	2 95	1	4 05	45.16
26	45.16	8	2 71	1	4 29	40.87
27	40.87	8	2 45	1	4 55	36.32
28	36.32	8	2 18	1	4 82	31.50
29	31.50	8	1 89	1	5 11	26.39
30	26.39	8	1 58	1	5 42	20.97
31	20.97	8	1 26	1	5 74	15.23
32	15.23	8	0 91	1	6 09	9.14
33	9.14	8	0 55	1	6 45	2.69
34	2.69					

TABLE No. 5.

Time necessary for the formation of a sinking-fund on a sum borrowed at the rate of interest mentioned in the heading, the amount of the annual payment to the sinking-fund being in the first column.

	4	5	5½	6	6½	6½	7	7½	8	9	10
Rate payable to Sinking Fund.	Years.	Years.	Years.	Years.	Years.	Years.	Years.	Years.	Years.	Years.	Years.
4 p. c.	17 248	16 228	16 58	15 267	15 121	15 49	14 352	14 166	14 101	13 251	13 53
3 p. c.	21 219	20 38	19 165	18 311	18 111	18 17	17 291	17 116	16 323	16 32	15 141
3 p. c.	22 325	21 86	20 189	19 315	19 203	19 95	18 257	18 70	17 260	16 310	16 34
3 p. c.	24 131	23 188	21 263	21 1	20 125	20 12	19 267	19 62	18 237	17 259	16 323
3 p. c.	26 19	25 356	23 37	22 109	21 338	21 207	20 326	20 100	19 258	18 246	17 251
3 p. c.	28 5	27 248	25 138	24 166	23 138	22 256	21 84	21 199	20 334	19 285	18 231
3 p. c.	29 324	28 138	26 144	25 144	24 166	23 274	22 306	22 40	21 165	20 101	19 91
3 p. c.	30 186	29 321	27 326	26 327	25 172	24 17	23 87	22 184	21 361	20 223	19 206
3 p. c.	31 121	30 253	28 200	27 186	26 26	25 312	24 167	23 258	22 8	20 289	19 215
3 p. c.	32 47	31 54	30 150	29 69	28 256	27 24	26 287	25 8	24 117	23 24	22 19 337
3 p. c.	33 177	32 127	31 240	30 199	29 93	28 24	27 135	26 209	25 307	24 198	23 153
3 p. c.	34 114	33 61	32 181	31 150	30 61	29 203	28 135	27 232	26 359	25 221	24 136
3 p. c.	35 313	34 45	33 430	32 247	31 142	30 167	29 277	28 331	27 105	26 277	25 167
3 p. c.	36 294	35 264	34 230	33 142	32 247	31 364	30 268	29 267	28 287	27 252	26 19
3 p. c.	37 112	36 294	35 264	34 248	33 167	32 278	31 283	30 324	29 281	28 264	27 57
3 p. c.	38 43	37 292	36 233	35 265	34 195	33 293	32 43	31 306	30 246	29 233	28 62
3 p. c.	39 297	38 198	37 321	36 41	35 41	34 134	33 240	32 128	31 58	30 27	29 112
3 p. c.	40 219	39 219	38 198	37 238	36 307	35 9	34 189	33 58	32 337	31 278	30 333
3 p. c.	41 272	40 315	41 200	39 189	38 215	37 259	36 36	35 337	34 120	33 11	32 33
3 p. c.	42 54	41 115	42 115	41 56	40 61	39 86	38 131	37 193	36 218	35 63	34 47
3 p. c.	43 58	42 136	43 136	42 34	41 330	40 342	39 46	38 124	37 237	36 231	35 61
3 p. c.	44 54	43 136	44 136	43 7	42 34	41 330	40 9	39 205	38 237	37 34	36 11
3 p. c.	45 54	44 136	45 136	44 213	43 136	42 34	41 330	40 9	39 205	38 231	37 34
3 p. c.	46 54	45 136	46 136	45 213	44 136	43 136	42 34	41 330	40 9	39 205	38 231
3 p. c.	47 54	46 136	47 136	46 213	45 136	44 136	43 136	42 34	41 330	40 9	39 205
3 p. c.	48 54	47 136	48 136	47 213	46 136	45 136	44 136	43 136	42 34	41 330	40 9
3 p. c.	49 54	48 136	49 136	48 213	47 136	46 136	45 136	44 136	43 136	42 34	41 330
3 p. c.	50 54	49 136	50 136	49 213	48 136	47 136	46 136	45 136	44 136	43 136	42 34
3 p. c.	51 54	50 136	51 136	50 213	49 136	48 136	47 136	46 136	45 136	44 136	43 136
3 p. c.	52 54	51 136	52 136	51 213	50 136	49 136	48 136	47 136	46 136	45 136	44 136
3 p. c.	53 54	52 136	53 136	52 213	51 136	50 136	49 136	48 136	47 136	46 136	45 136
3 p. c.	54 54	53 136	54 136	53 213	52 136	51 136	50 136	49 136	48 136	47 136	46 136
3 p. c.	55 54	54 136	55 136	54 213	53 136	52 136	51 136	50 136	49 136	48 136	47 136
3 p. c.	56 54	55 136	56 136	55 213	54 136	53 136	52 136	51 136	50 136	49 136	48 136
3 p. c.	57 54	56 136	57 136	56 213	55 136	54 136	53 136	52 136	51 136	50 136	49 136
3 p. c.	58 54	57 136	58 136	57 213	56 136	55 136	54 136	53 136	52 136	51 136	50 136
3 p. c.	59 54	58 136	59 136	58 213	57 136	56 136	55 136	54 136	53 136	52 136	51 136
3 p. c.	60 54	59 136	60 136	59 213	58 136	57 136	56 136	55 136	54 136	53 136	52 136
3 p. c.	61 54	60 136	61 136	60 213	59 136	58 136	57 136	56 136	55 136	54 136	53 136
3 p. c.	62 54	61 136	62 136	61 213	60 136	59 136	58 136	57 136	56 136	55 136	54 136
3 p. c.	63 54	62 136	63 136	62 213	61 136	60 136	59 136	58 136	57 136	56 136	55 136
3 p. c.	64 54	63 136	64 136	63 213	62 136	61 136	60 136	59 136	58 136	57 136	56 136
3 p. c.	65 54	64 136	65 136	64 213	63 136	62 136	61 136	60 136	59 136	58 136	57 136
3 p. c.	66 54	65 136	66 136	65 213	64 136	63 136	62 136	61 136	60 136	59 136	58 136
3 p. c.	67 54	66 136	67 136	66 213	65 136	64 136	63 136	62 136	61 136	60 136	59 136
3 p. c.	68 54	67 136	68 136	67 213	66 136	65 136	64 136	63 136	62 136	61 136	60 136
3 p. c.	69 54	68 136	69 136	68 213	67 136	66 136	65 136	64 136	63 136	62 136	61 136
3 p. c.	70 54	69 136	70 136	69 213	68 136	67 136	66 136	65 136	64 136	63 136	62 136
3 p. c.	71 54	70 136	71 136	70 213	69 136	68 136	67 136	66 136	65 136	64 136	63 136
3 p. c.	72 54	71 136	72 136	71 213	70 136	69 136	68 136	67 136	66 136	65 136	64 136
3 p. c.	73 54	72 136	73 136	72 213	71 136	70 136	69 136	68 136	67 136	66 136	65 136
3 p. c.	74 54	73 136	74 136	73 213	72 136	71 136	70 136	69 136	68 136	67 136	66 136
3 p. c.	75 54	74 136	75 136	74 213	73 136	72 136	71 136	70 136	69 136	68 136	67 136
3 p. c.	76 54	75 136	76 136	75 213	74 136	73 136	72 136	71 136	70 136	69 136	68 136
3 p. c.	77 54	76 136	77 136	76 213	75 136	74 136	73 136	72 136	71 136	70 136	69 136
3 p. c.	78 54	77 136	78 136	77 213	76 136	75 136	74 136	73 136	72 136	71 136	70 136
3 p. c.	79 54	78 136	79 136	78 213	77 136	76 136	75 136	74 136	73 136	72 136	71 136
3 p. c.	80 54	79 136	80 136	79 213	78 136	77 136	76 136	75 136	74 136	73 136	72 136
3 p. c.	81 54	80 136	81 136	80 213	79 136	78 136	77 136	76 136	75 136	74 136	73 136
3 p. c.	82 54	81 136	82 136	81 213	80 136	79 136	78 136	77 136	76 136	75 136	74 136
3 p. c.	83 54	82 136	83 136	82 213	81 136	80 136	79 136	78 136	77 136	76 136	75 136
3 p. c.	84 54	83 136	84 136	83 213	82 136	81 136	80 136	79 136	78 136	77 136	76 136
3 p. c.	85 54	84 136	85 136	84 213	83 136	82 136	81 136	80 136	79 136	78 136	77 136
3 p. c.	86 54	85 136	86 136	85 213	84 136	83 136	82 136	81 136	80 136	79 136	78 136
3 p. c.	87 54	86 136	87 136	86 213	85 136	84 136	83 136	82 136	81 136	80 136	79 136
3 p. c.	88 54	87 136	88 136	87 213	86 136	85 136	84 136	83 136	82 136	81 136	80 136
3 p. c.	89 54	88 136	89 136	88 213	87 136	86 136	85 136	84 136	83 136	82 136	81 136
3 p. c.	90 54	89 136	90 136	89 213	88 136	87 136	86 136	85 136	84 136	83 136	82 136
3 p. c.	91 54	90 136	91 136	90 213	89 136	88 136	87 136	86 136	85 136	84 136	83 136
3 p. c.	92 54	91 136	92 136	91 213	90 136	89 136	88 136	87 136	86 136	85 136	84 136
3 p. c.	93 54	92 136	93 136	92 213	91 136	90 136	89 136	88 136	87 136	86 136	85 136
3 p. c.	94 54	93 136	94 136	93 213	92 136	91 136	90 136	89 136	88 136	87 136	86 136
3 p. c.	95 54	94 136	95 136	94 213	93 136	92 136	91 136	90 136	89 136	88 136	87 136
3 p. c.	96 54	95 136	96 136	95 213	94 136	93 136	92 136	91 136	90 136	89 136	88 136
3 p. c.	97 54	96 136	97 136	96 213	95 136	94 136	93 136	92 136	91 136	90 136	89 136
3 p. c.	98 54	97 136	98 136	97 213	96 136	95 136	94 136	93 136	92 136	91 136	90 136
3 p. c.	99 54	98 136	99 136	98 213	97 136	96 136	95 136	94 136	93 136	92 136	91 136
3 p. c.	100 54	99 136	100 136	99 213	98 136	97 136	96 136	95 136	94 136	93 136	92 136

TABLE No. 6.

Amount realized with a sum of \$100 through compound interest, according to one of the undermentioned rates, at the expiration of a certain number of years.

Years	4	5	5½	6	6¼	6½	6¾	7	7½	8	9	10
1	\$ 104.00	\$ cts. 105.00	\$ cts. 105.50	\$ cts. 106.00	\$ cts. 106.25	\$ cts. 106.50	\$ cts. 106.75	\$ cts. 107.00	\$ cts. 107.50	\$ cts. 108.00	\$ cts. 109.00	\$ cts. 110.00
2	108.16	110.25	111.30	112.36	112.89	113.42	113.95	114.49	115.56	116.64	118.81	121.00
3	112.49	115.76	117.42	119.10	119.95	120.79	121.65	122.50	123.53	125.97	129.50	133.10
4	116.98	121.55	123.88	126.25	127.41	128.65	129.86	131.08	133.55	136.05	141.16	146.41
5	121.66	127.63	130.70	133.92	135.41	137.01	138.62	140.25	143.56	146.93	153.86	161.05
6	126.53	134.01	137.88	141.85	143.87	145.91	147.98	150.07	154.33	158.60	167.71	177.16
7	131.59	140.71	145.47	150.36	152.86	155.40	157.97	160.58	165.90	171.38	182.80	194.87
8	136.86	147.74	153.47	159.38	162.42	165.50	168.63	171.82	178.35	185.09	199.26	214.36
9	142.33	155.13	161.91	168.95	172.57	176.26	180.01	183.84	191.72	199.90	217.79	235.79
10	148.02	162.89	170.81	179.08	183.35	187.71	192.17	196.71	206.10	215.89	236.04	256.31
11	153.94	171.03	180.21	189.83	194.81	199.91	205.14	210.48	221.56	233.16	258.04	283.84
12	160.10	179.58	190.12	201.22	206.99	212.91	218.98	225.22	238.18	251.96	281.27	313.84
13	166.50	188.56	200.53	213.29	219.92	226.75	233.77	240.98	256.04	271.96	306.58	345.23
14	173.17	197.99	211.61	226.09	233.67	241.49	249.54	257.85	275.24	293.72	334.17	379.75
15	180.09	207.89	223.25	239.65	248.27	257.18	266.39	275.90	295.89	317.22	364.25	417.72
16	187.30	218.29	235.53	254.03	263.79	273.90	284.37	295.22	315.08	342.59	397.03	459.50
17	194.79	229.20	248.48	269.28	280.28	291.70	303.57	315.88	341.93	370.00	432.76	505.45
18	202.58	240.66	262.15	285.43	297.80	310.66	324.06	337.99	367.58	399.60	471.71	555.99
19	210.68	252.69	276.56	302.56	316.41	330.86	345.93	361.65	395.15	431.57	514.17	611.59
20	219.11	265.33	291.77	320.71	335.18	350.36	366.28	382.97	424.78	466.09	560.44	673.75
21	227.88	278.60	307.82	339.06	354.20	370.52	387.91	405.41	450.80	503.38	610.88	740.02
22	236.99	292.53	324.75	359.35	375.79	393.66	412.02	430.94	480.89	543.65	665.86	814.03
23	246.47	307.15	342.61	381.97	403.24	423.64	444.92	474.08	527.79	594.12	725.79	895.43
24	256.33	322.51	361.46	404.89	428.44	450.80	479.54	507.74	569.83	644.85	792.11	984.97
25	266.58	338.63	381.94	429.19	455.22	482.77	511.91	542.74	605.57	694.85	862.81	1083.47
26	277.25	355.57	402.31	454.94	483.67	514.15	546.47	580.73	653.74	759.63	939.91	1191.82
27	288.34	373.34	424.54	482.34	513.90	547.57	583.35	621.39	704.74	798.81	1024.81	1311.00
28	299.87	392.01	447.78	511.17	546.02	583.16	622.73	664.88	757.59	862.71	1116.71	1442.10

TABLE No 6
 Amount realized with a sum of \$100 through compound interest.—(Continued.)

Years	4	5	5½	6	6¼	6½	6¾	7	7½	8	9	10
29	\$ 311 86	\$ 411 61	\$ 472 41	\$ 541 84	\$ 580 15	\$ 621 07	\$ 664 76	\$ 711 42	\$ 814 41	\$ 931 73	\$ 1217 22	\$ 1586 31
30	\$ 324 34	\$ 432 19	\$ 498 39	\$ 574 35	\$ 616 44	\$ 661 44	\$ 709 64	\$ 761 22	\$ 875 49	\$ 1006 52	\$ 1326 77	\$ 1744 94
31	\$ 337 31	\$ 453 80	\$ 525 81	\$ 608 81	\$ 654 93	\$ 704 43	\$ 757 54	\$ 814 51	\$ 941 16	\$ 1086 77	\$ 1446 18	\$ 1919 43
32	\$ 350 80	\$ 476 49	\$ 554 73	\$ 645 34	\$ 695 87	\$ 750 22	\$ 808 67	\$ 871 53	\$ 1011 74	\$ 1173 71	\$ 1576 33	\$ 2111 38
33	\$ 364 84	\$ 500 32	\$ 585 24	\$ 684 06	\$ 739 36	\$ 798 98	\$ 863 26	\$ 932 53	\$ 1087 62	\$ 1267 60	\$ 1718 20	\$ 2322 51
34	\$ 379 43	\$ 525 33	\$ 617 42	\$ 725 10	\$ 785 57	\$ 850 91	\$ 921 53	\$ 997 81	\$ 1169 20	\$ 1369 01	\$ 1872 84	\$ 2554 77
35	\$ 394 61	\$ 551 80	\$ 651 38	\$ 763 61	\$ 834 67	\$ 906 22	\$ 983 73	\$ 1067 66	\$ 1256 89	\$ 1478 53	\$ 2041 40	\$ 2810 24
36	\$ 410 39	\$ 579 18	\$ 687 21	\$ 803 61	\$ 886 83	\$ 965 13	\$ 1050 13	\$ 1142 39	\$ 1351 15	\$ 1596 82	\$ 2225 12	\$ 3091 27
37	\$ 426 81	\$ 608 14	\$ 725 00	\$ 863 61	\$ 942 26	\$ 1027 86	\$ 1121 01	\$ 1222 36	\$ 1452 49	\$ 1724 56	\$ 2425 38	\$ 3400 39
38	\$ 443 88	\$ 638 55	\$ 764 88	\$ 915 42	\$ 1001 15	\$ 1094 67	\$ 1196 68	\$ 1307 93	\$ 1561 43	\$ 1862 53	\$ 2643 67	\$ 3740 43
39	\$ 461 64	\$ 670 47	\$ 806 95	\$ 970 35	\$ 1063 72	\$ 1165 83	\$ 1277 46	\$ 1399 48	\$ 1678 53	\$ 2011 53	\$ 2881 60	\$ 4114 48
40	\$ 480 10	\$ 704 00	\$ 851 23	\$ 1028 57	\$ 1130 20	\$ 1241 61	\$ 1363 69	\$ 1497 44	\$ 1804 42	\$ 2172 45	\$ 3140 94	\$ 4525 92
41	\$ 499 31	\$ 739 50	\$ 898 15	\$ 1090 29	\$ 1200 84	\$ 1322 31	\$ 1455 74	\$ 1602 27	\$ 1939 75	\$ 2346 25	\$ 3423 63	\$ 4978 52
42	\$ 519 28	\$ 776 16	\$ 947 55	\$ 1155 70	\$ 1275 00	\$ 1408 56	\$ 1554 00	\$ 1714 42	\$ 2085 24	\$ 2533 95	\$ 3731 75	\$ 5476 37
43	\$ 540 05	\$ 814 97	\$ 999 67	\$ 1225 04	\$ 1355 31	\$ 1499 80	\$ 1658 89	\$ 1834 43	\$ 2241 63	\$ 2736 66	\$ 4087 61	\$ 6024 01
44	\$ 561 65	\$ 855 71	\$ 1054 63	\$ 1300 39	\$ 1440 37	\$ 1597 29	\$ 1770 87	\$ 1962 84	\$ 2409 75	\$ 2955 60	\$ 4433 69	\$ 6626 41
45	\$ 584 12	\$ 898 50	\$ 1112 65	\$ 1376 46	\$ 1520 39	\$ 1701 11	\$ 1890 40	\$ 2100 24	\$ 2590 48	\$ 3192 94	\$ 4832 75	\$ 7289 06
46	\$ 607 43	\$ 943 42	\$ 1173 85	\$ 1459 05	\$ 1626 04	\$ 1811 68	\$ 2018 01	\$ 2247 26	\$ 2784 77	\$ 3447 41	\$ 5267 67	\$ 8017 95
47	\$ 631 78	\$ 990 60	\$ 1238 41	\$ 1546 59	\$ 1727 67	\$ 1929 44	\$ 2164 22	\$ 2404 57	\$ 2993 63	\$ 3723 30	\$ 5741 76	\$ 8819 72
48	\$ 657 05	\$ 1040 13	\$ 1306 53	\$ 1639 39	\$ 1835 39	\$ 2054 85	\$ 2339 63	\$ 2672 89	\$ 3218 15	\$ 4021 66	\$ 6248 52	\$ 9701 72
49	\$ 683 33	\$ 1092 13	\$ 1378 38	\$ 1737 75	\$ 1950 37	\$ 2188 42	\$ 2514 86	\$ 2952 99	\$ 3599 31	\$ 4542 74	\$ 6821 79	\$ 10672 89
50	\$ 710 67	\$ 1146 74	\$ 1454 20	\$ 1842 01	\$ 2072 27	\$ 2330 67	\$ 2620 56	\$ 2945 70	\$ 3718 97	\$ 4690 16	\$ 7435 75	\$ 11739 08

TABLE No. 7.—Annuities to repay \$100 by a Sinking Fund.

Interest 4 per cent.					Interest 4½ per cent.				
Years.	Interest.	Sinking Fund.	Cost of Management.	Annuities.	Years.	Interest.	Sinking Fund.	Cost of Management.	Annuities.
	\$	\$ cts.	\$	\$ cts.		\$ cts.	\$ cts.	\$	\$ cts.
1	4	100.00	1	105.00	1	4.50	100.00	1	105.50
2	4	49.02	1	54.02	2	4.50	48.90	1	54.40
3	4	32.03	1	37.03	3	4.50	32.88	1	37.38
4	4	23.55	1	28.55	4	4.50	23.37	1	28.87
5	4	18.46	1	23.46	5	4.50	18.28	1	23.78
6	4	15.08	1	20.08	6	4.50	14.89	1	20.39
7	4	12.66	1	17.66	7	4.50	11.47	1	17.97
8	4	10.85	1	15.85	8	4.50	10.66	1	16.16
9	4	9.45	1	14.45	9	4.50	9.26	1	14.76
10	4	8.33	1	13.33	10	4.50	8.14	1	13.64
11	4	7.41	1	12.41	11	4.50	7.22	1	12.72
12	4	6.65	1	11.65	12	4.50	6.47	1	11.97
13	4	6.01	1	11.01	13	4.50	5.83	1	11.33
14	4	5.47	1	10.47	14	4.50	5.28	1	10.78
15	4	4.99	1	9.99	15	4.50	4.81	1	10.31
16	4	4.58	1	9.58	16	4.50	4.40	1	9.90
17	4	4.22	1	9.22	17	4.50	4.04	1	9.54
18	4	3.90	1	8.90	18	4.50	3.72	1	9.22
19	4	3.61	1	8.61	19	4.50	3.44	1	8.94
20	4	3.36	1	8.36	20	4.50	3.19	1	8.69
21	4	3.13	1	8.13	21	4.50	2.96	1	8.46
22	4	2.92	1	7.92	22	4.50	2.75	1	8.25
23	4	2.73	1	7.73	23	4.50	2.57	1	8.07
24	4	2.56	1	7.56	24	4.50	2.40	1	7.90
25	4	2.40	1	7.40	25	4.50	2.24	1	7.74
26	4	2.26	1	7.26	26	4.50	2.10	1	7.60
27	4	2.12	1	7.12	27	4.50	1.97	1	7.47
28	4	2.00	1	7.00	28	4.50	1.85	1	7.35
29	4	1.89	1	6.89	29	4.50	1.74	1	7.24
30	4	1.78	1	6.78	30	4.50	1.64	1	7.14
31	4	1.68	1	6.68	31	4.50	1.54	1	7.04
32	4	1.59	1	6.59	32	4.50	1.46	1	6.96
33	4	1.51	1	6.51	33	4.50	1.37	1	6.87
34	4	1.43	1	6.43	34	4.50	1.30	1	6.80
35	4	1.36	1	6.36	35	4.50	1.23	1	6.73
36	4	1.29	1	6.29	36	4.50	1.16	1	6.66
37	4	1.22	1	6.22	37	4.50	1.10	1	6.60
38	4	1.16	1	6.16	38	4.50	1.04	1	6.54
39	4	1.11	1	6.11	39	4.50	0.98	1	6.48
40	4	1.05	1	6.05	40	4.50	0.93	1	6.43
41	4	1.00	1	6.00	41	4.50	0.89	1	6.39
42	4	0.95	1	5.95	42	4.50	0.84	1	6.34
43	4	0.91	1	5.91	43	4.50	0.80	1	6.30
44	4	0.87	1	5.87	44	4.50	0.76	1	6.26
45	4	0.83	1	5.83	45	4.50	0.72	1	6.22
46	4	0.79	1	5.79	46	4.50	0.68	1	6.18
47	4	0.75	1	5.75	47	4.50	0.65	1	6.15
48	4	0.72	1	5.72	48	4.50	0.62	1	6.12
49	4	0.68	1	5.68	49	4.50	0.59	1	6.09
50	4	0.65	1	5.65	50	4.50	0.56	1	6.06

TABLE No. 7.—Annuities to repay \$100 by a Sinking Fund.—(Continued.)

Interest at 6 per cent.					Interest at 6½ per cent.				
Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.	Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.
	\$	\$ cts.	\$	\$ cts.		\$ cts.	\$ cts.	\$	\$ cts.
1	6	100.00	1	107.00	1	6.50	100.00	1	107.50
2	6	48.54	1	55.54	2	6.50	48.43	1	55.93
3	6	31.41	1	38.41	3	6.50	31.26	1	38.76
4	6	22.86	1	29.86	4	6.50	22.69	1	30.19
5	6	17.74	1	24.74	5	6.50	17.56	1	25.06
6	6	14.34	1	21.34	6	6.50	14.16	1	21.66
7	6	11.91	1	18.91	7	6.50	11.73	1	19.23
8	6	10.10	1	17.10	8	6.50	9.92	1	17.42
9	6	8.70	1	15.70	9	6.50	9.62	1	16.02
10	6	7.59	1	14.59	10	6.50	7.41	1	14.91
11	6	6.68	1	13.68	11	6.50	6.50	1	14.01
12	6	5.93	1	12.93	12	6.50	5.76	1	13.26
13	6	5.30	1	12.30	13	6.50	5.13	1	12.63
14	6	4.75	1	11.75	14	6.50	4.59	1	12.09
15	6	4.30	1	11.30	15	6.50	4.13	1	11.63
16	6	3.89	1	10.89	16	6.50	3.74	1	11.24
17	6	3.54	1	10.51	17	6.50	3.39	1	10.89
18	6	3.23	1	10.23	18	6.50	3.08	1	10.58
19	6	2.96	1	9.96	19	6.50	2.81	1	10.31
20	6	2.72	1	9.72	20	6.50	2.57	1	10.07
21	6	2.50	1	9.50	21	6.50	2.36	1	9.86
22	6	2.30	1	9.30	22	6.50	2.17	1	9.67
23	6	2.13	1	9.13	23	6.50	2.00	1	9.50
24	6	1.97	1	8.97	24	6.50	1.84	1	9.34
25	6	1.82	1	8.82	25	6.50	1.70	1	9.20
26	6	1.69	1	8.69	26	6.50	1.57	1	9.07
27	6	1.57	1	8.57	27	6.50	1.45	1	8.95
28	6	1.46	1	8.46	28	6.50	1.34	1	8.84
29	6	1.36	1	8.36	29	6.50	1.25	1	8.75
30	6	1.26	1	8.26	30	6.50	1.16	1	8.66
31	6	1.18	1	8.18	31	6.50	1.07	1	8.57
32	6	1.10	1	8.10	32	6.50	1.00	1	8.50
33	6	1.03	1	8.03	33	6.50	0.93	1	8.43
34	6	0.96	1	7.96	34	6.50	0.86	1	8.36
35	6	0.90	1	7.90	35	6.50	0.81	1	8.31
36	6	0.84	1	7.84	36	6.50	0.75	1	8.25
37	6	0.78	1	7.78	37	6.50	0.70	1	8.20
38	6	0.73	1	7.73	38	6.50	0.65	1	8.15
39	6	0.69	1	7.69	39	6.50	0.61	1	8.11
40	6	0.65	1	7.65	40	6.50	0.57	1	8.07
41	6	0.60	1	7.60	41	6.50	0.53	1	8.03
42	6	0.57	1	7.57	42	6.50	0.50	1	8.00
43	6	0.53	1	7.53	43	6.50	0.46	1	7.96
44	6	0.50	1	7.50	44	6.50	0.43	1	7.93
45	6	0.47	1	7.47	45	6.50	0.40	1	7.90
46	6	0.44	1	7.44	46	6.50	0.38	1	7.88
47	6	0.41	1	7.41	47	6.50	0.35	1	7.85
48	5	0.39	1	7.39	48	6.50	0.33	1	7.83
49	6	0.37	1	7.37	49	6.50	0.31	1	7.81
50	6	0.34	1	7.34	50	6.50	0.29	1	7.79

TABLE No. 7.—Annuities to repay \$100 by a Sinking Fund.—(Continued.)

Interest at 5 per cent.					Interest at 5½ per cent.				
Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.	Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.
\$	\$	\$ cts.	\$	\$ cts.	\$	\$	\$ cts.	\$	\$ cts.
1	5	100.00	1	106.00	1	5.50	100.00	1	106.50
2	5	48 78	1	54 78	2	5 50	48 66	1	55 16
3	5	31 72	1	37 72	3	5 50	31 56	1	38 06
4	5	23 20	1	29 20	4	5 50	23 63	1	29 53
5	5	18 10	1	24 10	5	5 50	17 92	1	24 42
6	5	14 70	1	20 70	6	5 50	14 52	1	21 02
7	5	12 28	1	18 28	7	5 50	12 10	1	18 60
8	5	10 47	1	16 47	8	5 50	10 29	1	16 79
9	5	9 07	1	15 07	9	5 50	8 88	1	15 33
10	5	7 95	1	13 95	10	5 50	7 77	1	14 27
11	5	7 04	1	13 04	11	5 50	6 86	1	13 36
12	5	6 28	1	12 28	12	5 50	6 10	1	12 60
13	5	5 64	1	11 64	13	5 50	5 47	1	11 97
14	5	5 10	1	11 10	14	5 50	4 93	1	11 43
15	5	4 63	1	10 63	15	5 50	4 46	1	10 96
16	5	4 23	1	10 23	16	5 50	4 06	1	10 56
17	5	3 87	1	9 87	17	5 50	3 70	1	10 20
18	5	3 55	1	9 55	18	5 50	3 39	1	9 89
19	5	3 27	1	9 27	19	5 50	3 11	1	9 61
20	5	3 02	1	9 02	20	5 50	2 87	1	9 37
21	5	2 80	1	8 80	21	5 50	2 65	1	9 15
22	5	2 60	1	8 60	22	5 50	2 45	1	8 95
23	5	2 41	1	8 41	23	5 50	2 27	1	8 77
24	5	2 25	1	8 25	24	5 50	2 10	1	8 60
25	5	2 09	1	8 09	25	5 50	1 95	1	8 45
26	5	1 96	1	7 96	26	5 50	1 82	1	8 32
27	5	1 83	1	7 83	27	5 50	1 69	1	8 19
28	5	1 71	1	7 71	28	5 50	1 58	1	8 08
29	5	1 60	1	7 60	29	5 50	1 48	1	7 98
30	5	1 50	1	7 50	30	5 50	1 38	1	7 88
31	5	1 41	1	7 41	31	5 50	1 29	1	7 79
32	5	1 33	1	7 33	32	5 50	1 21	1	7 71
33	5	1 25	1	7 25	33	5 50	1 13	1	7 63
34	5	1 17	1	7 17	34	5 50	1 06	1	7 56
35	5	1 11	1	7 11	35	5 50	1 00	1	7 50
36	5	1 04	1	7 04	36	5 50	0 94	1	7 44
37	5	0 98	1	6 98	37	5 50	0 88	1	7 38
38	5	0 93	1	6 93	38	5 50	0 83	1	7 33
39	5	0 88	1	6 88	39	5 50	0 78	1	7 28
40	5	0 83	1	6 83	40	5 50	0 73	1	7 22
41	5	0 78	1	6 78	41	5 50	0 69	1	7 19
42	5	0 74	1	6 74	42	5 50	0 65	1	7 15
43	5	0 70	1	6 70	43	5 50	0 61	1	7 11
44	5	0 66	1	6 65	44	5 50	0 58	1	7 08
45	5	0 63	1	6 63	45	5 50	0 54	1	7 04
46	5	0 59	1	6 59	46	5 50	0 51	1	7 01
47	5	0 56	1	6 56	47	5 50	0 48	1	6 98
48	5	0 53	1	6 53	48	5 50	0 45	1	6 95
49	5	0 50	1	6 50	49	5 50	0 43	1	6 93
50	5	0 48	1	6 48	50	5 50	0 41	1	6 91

TABLE No. 7.—Annuities to repay \$100 by a Sinking Fund.—(Continued.)

Interest at 7 per cent.					Interest at 8 per cent.				
Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.	Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.
	\$	\$ cts.	\$	\$ cts.		\$	\$ cts.	\$	\$ cts.
1	7	100.00	1	108.00	1	8	100.00	1	109.00
2	7	48 31	1	56 31	2	8	48 08	1	57 08
3	7	31 10	1	39 10	3	8	30 80	1	39 80
4	7	22 52	1	30 52	4	8	22 19	1	31 19
5	7	17 39	1	25 39	5	8	17 04	1	26 04
6	7	13 98	1	21 98	6	8	13 63	1	22 63
7	7	11 55	1	19 55	7	8	11 21	1	20 21
8	7	9 75	1	17 75	8	8	9 40	1	18 40
9	7	8 35	1	16 35	9	8	8 01	1	17 01
10	7	7 24	1	15 24	10	8	6 90	1	15 90
11	7	6 33	1	14 33	11	8	6 01	1	15 01
12	7	5 59	1	13 59	12	8	5 27	1	14 27
13	7	4 96	1	12 96	13	8	4 65	1	13 65
14	7	4 43	1	12 43	14	8	4 13	1	13 13
15	7	3 98	1	11 98	15	8	3 68	1	12 68
16	7	3 58	1	11 58	16	8	3 30	1	12 30
17	7	3 24	1	11 24	17	8	2 96	1	11 96
18	7	2 94	1	10 94	18	8	2 67	1	11 67
19	7	2 67	1	10 67	19	8	2 41	1	11 41
20	7	2 44	1	10 44	20	8	2 18	1	11 18
21	7	2 23	1	10 23	21	8	1 98	1	10 98
22	7	2 04	1	10 04	22	8	1 80	1	10 80
23	7	1 87	1	9 87	23	8	1 64	1	10 64
24	7	1 72	1	9 72	24	8	1 50	1	10 50
25	7	1 58	1	9 58	25	8	1 37	1	10 37
26	7	1 46	1	9 46	26	8	1 25	1	10 25
27	7	1 34	1	9 34	27	8	1 14	1	10 14
28	7	1 24	1	9 24	28	8	1 05	1	10 05
29	7	1 14	1	9 14	29	8	0 96	1	9 96
30	7	1 06	1	9 06	30	8	0 88	1	9 88
31	7	0 98	1	8 98	31	8	0 81	1	9 81
32	7	0 91	1	8 91	32	8	0 74	1	9 74
33	7	0 84	1	8 84	33	8	0 68	1	9 68
34	7	0 78	1	8 78	34	8	0 63	1	9 63
35	7	0 72	1	8 72	35	8	0 58	1	9 58
36	7	0 67	1	8 67	36	8	0 53	1	9 53
37	7	0 62	1	8 62	37	8	0 46	1	9 46
38	7	0 58	1	8 58	38	8	0 45	1	9 45
39	7	0 54	1	8 54	39	8	0 42	1	9 42
40	7	0 50	1	8 50	40	8	0 39	1	9 39
41	7	0 46	1	8 46	41	8	0 36	1	9 36
42	7	0 43	1	8 43	42	8	0 33	1	9 33
43	7	0 40	1	8 40	43	8	0 30	1	9 30
44	7	0 37	1	8 37	44	8	0 28	1	9 28
45	7	0 35	1	8 35	45	8	0 26	1	9 26
46	7	0 32	1	8 32	46	8	0 24	1	9 24
47	7	0 30	1	8 30	47	8	0 22	1	9 22
48	7	0 28	1	8 28	48	8	0 20	1	9 20
49	7	0 26	1	8 26	49	8	0 19	1	9 19
50	7	0 24	1	8 24	50	8	0 17	1	9 17

TABLE No. 7.—Annuities to repay \$100 by a Sinking Fund.—(Continued.)

Interest at 9 per cent.					Interest at 10 per cent.				
Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.	Years.	Interest.	Sinking Fund.	Cost of management.	Annuities.
	\$	\$ cts.	\$	\$ cts.		\$	\$ cts.	\$	\$ cts.
1	9	100.00	1	110.00	1	10	100.00	1	111.00
2	9	47 85	1	57 85	2	10	47 62	1	58 62
3	9	30 50	1	40 50	3	10	30 21	1	41 21
4	9	21 87	1	31 87	4	10	21 55	1	32 55
5	9	16 71	1	26 71	5	10	16 38	1	27 38
6	9	13 29	1	23 29	6	10	12 96	1	23 96
7	9	10 87	1	20 87	7	10	10 54	1	21 54
8	9	9 07	1	19 07	8	10	8 74	1	19 74
9	9	7 68	1	17 68	9	10	7 36	1	18 36
10	9	6 58	1	16 58	10	10	6 27	1	17 27
11	9	5 69	1	15 69	11	10	5 40	1	16 40
12	9	4 96	1	14 96	12	10	4 08	1	15 68
13	9	4 36	1	14 36	13	10	4 80	1	15 08
14	9	3 84	1	13 84	14	10	3 57	1	14 57
15	9	3 40	1	13 40	15	10	3 15	1	14 15
16	9	3 03	1	13 02	16	10	2 72	1	13 73
17	9	2 70	1	12 70	17	10	2 47	1	13 47
18	9	2 42	1	12 42	18	10	2 19	1	13 19
19	9	2 17	1	12 17	19	10	1 95	1	12 95
20	9	1 95	1	11 95	20	10	1 74	1	12 74
21	9	1 76	1	11 76	21	10	1 56	1	12 56
22	9	1 59	1	11 59	22	10	1 40	1	12 40
23	9	1 44	1	11 44	23	10	1 26	1	12 26
24	9	1 30	1	11 30	24	10	1 13	1	12 13
25	9	1 18	1	11 18	25	10	1 02	1	12 02
26	9	1 07	1	11 07	26	10	0 91	1	11 91
27	9	0 97	1	10 97	27	10	0 82	1	11 82
28	9	0 88	1	10 88	28	10	0 74	1	11 74
29	9	0 80	1	10 80	29	10	0 67	1	11 67
30	9	0 73	1	10 73	30	10	0 61	1	11 61
31	9	0 67	1	10 67	31	10	0 55	1	11 55
32	9	0 61	1	10 61	32	10	0 50	1	11 50
33	9	0 56	1	10 56	33	10	0 45	1	11 45
34	9	0 51	1	10 51	34	10	0 41	1	11 41
35	9	0 46	1	10 46	35	10	0 37	1	11 37
36	9	0 42	1	10 42	36	10	0 33	1	11 33
37	9	0 39	1	10 39	37	10	0 30	1	11 30
38	9	0 35	1	10 35	38	10	0 27	1	11 27
39	9	0 32	1	10 32	39	10	0 25	1	11 25
40	9	0 29	1	10 29	40	10	0 22	1	11 22
41	9	0 27	1	10 27	41	10	0 20	1	11 20
42	9	0 25	1	10 25	42	10	0 18	1	11 18
43	9	0 23	1	10 23	43	10	0 17	1	11 17
44	9	0 21	1	10 21	44	10	0 15	1	11 15
45	9	0 19	1	10 19	45	10	0 14	1	11 14
46	9	0 17	1	10 17	46	10	0 13	1	11 13
47	9	0 16	1	10 16	47	10	0 11	1	11 11
48	9	0 15	1	10 15	48	10	0 10	1	11 10
49	9	0 13	1	10 13	49	10	0 9	1	11 9
50	9	0 12	1	10 12	50	10	0 8	1	11 8

CREDIT.

Credit supplies the absence of capital, or procures if it does not create it.

Personal Credit.—The confidence which men have in the solvency, probity and prudence of a person establishes his credit. What that person pays by way of interest when he becomes a borrower, is virtually the rent of the capital. As the risk is of small account in dealing with a person in good credit, the lender does not claim anything by way of premium or insurance. Personal credit is the measure of the confidence which the lender has in the disposition and capability of the debtor to pay his debt.

Public Credit.—"Until nearly the time of the French Revolution," says J. B. Say, "governments opened loans; they made known that they required a certain sum; they gave out that they would pay a certain stipulated rate of interest thereon in advance; to this inducement they added certain advantages, from which they promised great things: lotteries, annuities, repayment. They mortgaged real estate to assure the payment of interest and principal. With all these temptations, they found a difficulty in completing their loans, and were not always successful. Some certain method was to be found of raising the desired sums, on whatever footing the credit of the borrower might stand; and such a method was in fact discovered."

The interest which is at present stipulated to be paid to lenders is of small importance; it is indifferently 3, 4, or 5 per cent. The public are advertised, for instance, that the sum of 5*l.* will be paid for every sum of 100*l.* inscribed in the book of the Public Funds in the name of the lender; and this sum of 100*l.* is sold for as much as it will produce—often for a sum much below that which is inscribed. It may be that the lender pays 60, 80, 90*l.*; he is still entitled to receive the interest on the sum of 100*l.* for which he is inscribed on the book of the Public Funds, and for which amount he is acknowledged to be a creditor.

This is not all. Small capitalists do not like to invent modes of investment—to be guided, respecting their soundness, by their own judgment. They are inclined to follow and imitate the most numerous body of speculators, and particularly the wealthiest. A government might well venture to throw its stock into the market at a heavy discount, individuals would hardly be found venturesome enough to take it. Accordingly, ministers of finance have generally applied to companies of contractors, who agree to undertake the whole of a loan with a view to resell the stock, either to an inferior order of speculators, or to private parties who wish for investments for their savings. Government negotiates the loan with that company which offers the most advantageous terms.

Although very wealthy, financial companies would never be competent to supply the different governments of Europe with the millions which they require. The bankers, of which such companies consist, would moreover be disinclined to place their whole fortunes in the hands of princes and ministers, however high their opinion might be of their stability. Accordingly they take measures to effect the payment of the first instalment to the minister, who never requires to receive the whole loan in a block sum, and sell by retail the stock which they purchased wholesale. The sums which they derive from these sales supply the means of making subsequent payments, for which they have taken care to stipulate for a delay of a year or eighteen months. In making their bargain, the companies stipulate for other advantages, as, for instance, to have the benefit of the interest on the whole loan paid half yearly, although the principal loaned may be paid only by instalments, and the last of these may not be called for in some instances for upwards of a year after the date of the first interest being paid.

It will be asked by what means the contracting companies are able to make up the enormous sums which they thus pour out to supply the necessities of governments. It is, in truth, in this that their talent is chiefly seen. A company of contractors do not embark in an undertaking without many correspondents and even partners in the principal cities of Europe, each of whom has clients who entrust him with their funds, or make known to him their wishes to invest their savings, or simply to speculate in the public funds. Each of these correspondents, having a perfect knowledge of the resources afforded by his place of residence, can calculate what amount of stock he can dispose of at Paris, London, Amsterdam, Frankfort, Vienna and the cities in connection with them. The next consideration is the rate at which the contracting company may undertake the loan: the object being not only to sell the stock, but to make a profit.

Each city has an exchange, or market where the stocks of the different States of Europe are on sale. The rate at which contracting companies undertake a loan is always lower than the current value of such stock in the different cities: companies would not undertake a loan, if they had not every chance of a rise in the market; and the moment the bargain is made, they have immense means of running up the price still higher. For instance, they give directions to their correspondents in several places at once to make purchases of the new stock, and to offer to buy it at a premium. This is no loss to them; because being the sellers of what is bought, they receive by the hands of one agent what they have disbursed by another. While operations of this nature are in progress, quantities of the same stock are purchased by real chapmen who buy them to retain them and receive the interest which they yield. In this way the contractors, who have taken the whole loan, are sometimes those who retain most of the stock on private account; but they reap immense profit, and have their capital in readiness to begin a similar operation with another government.

It is thus that when a yearly *rente* of 5 francs is sold for a capital sum of 100 francs, which is only supposed to be, and is not really received, the authentic rate of interest does not appear; and when the State undertakes to pay 5 francs interest on a principal sum of 70 francs really received, it is borrowing money in reality at the rate of $7\frac{1}{2}$ per cent. interest; and it is singular enough to see governments which prohibit, between private parties, the lending of money at a higher rate of interest than 5 per cent., as France and England, themselves setting the example of breaking their own laws. Governments may thank the system of effecting loans by subscription, if contractors have succeeded in drawing from every corner of Europe, capital sums of every variety of amount which could be made available for their service, and if savings, the fruit of the most harmless occupations, as well as the gains of crime, instead of being applied to the work of fertilizing waste lands and the several branches of productive industry, have fed enterprises fatal to the peace of nations. By such means, powers which had beforetime no credit have succeeded in borrowing on terms which are not always accorded to hypothecation of lands of the highest class: the king of Naples receives 94 for 100 stock; Russia, 95 $\frac{1}{2}$; Austria, 96; Prussia, 99 $\frac{1}{2}$.

Collective Credit is the credit of several persons associated for financial purposes. In addition to the individual credit of each member of the association, is the special credit of the body, increased by the skill and other administrative qualities applied particularly and exclusively to the business of the association.

Landed Credit.—Landed Credit generally is based on real estate. It is equally the attribute of any association who offer as security for loans the hypothecation of real estate.

Agricultural Credit.—Agricultural Credit is distinguished from Landed Credit, as being based on personal security given by the farmer. The tendency of both is to obtain capital for the farmer: the former requiring a mortgage, the latter limiting its requirements to his promise and his personal solvency.

Hypothecary Credit.—(See p. 13.)

ORGANIZATION.

The organization of Landed Credit Institutions depends entirely on the basis on which they rest, and the manner in which the associates or parties interested are to share in it.

If the institution is to constitute a borrowing body, those who favor it hold a meeting, and discuss and adopt regulations which they lay before the government with a view to obtain their approval and a charter. When constituted a corporate and political body, they proceed to the election of a Board of Managers or Directors of the Bank, in due conformity to the provisions of their charter and the regulations. The regulations are termed statutes.

If the institution is to be founded by capitalists, after the passing of a law for the purpose, they hold a meeting, subscribe and deposit the necessary capital, prepare regulations, and petition for a charter.

The charter, in any case, is necessary only when the law has made no special provision for the mode of organization. Such are the usual modes of proceeding in forming Landed Credit Associations. Every country has its own particular method of organization, which will be treated of in the course of this work.

Some countries would oblige all persons to become members of borrowing associations, whether they would or not; but this is a serious inconvenience which has no countervailing advantage. Accordingly but few have adopted such a principle. It is more expedient that the farmer should become a member only in virtue of his own act in effecting a loan.

The proprietor who sells the property which is hypothecated to the bank ceases (in borrowing associations only) to be a member of the association, and the purchaser becomes a member in his room.

MANAGEMENT—INSPECTION.

The administrative corps in the German Landed Credit Institutions is composed of four district members (see Royer):

- 1st. The representatives of the nobility or great landed proprietors.
- 2nd. The representatives of the borrowers.
- 3rd. One representative of the lenders, whose powers extend no further than the watching of the measures which may compromise the security of the creditors of the association.
- 4th. A Royal Commissioner armed with almost unlimited suspensory power, charged, on behalf of the public generally, with the inspection of all the transactions, debtor and creditor, of the association.
- 5th. A Judicial Council.

A general meeting of the borrowers, who alone are designated members of the association, is held annually, biennially or triennially, according to the locality, to discuss the operations of the term which has expired, and the improvements or modifications to be adopted in future, and to elect, from among the members of the association, whether present or not, a Committee of Management generally consisting of:

- 1st. A Managing President, and sometimes a Vice-President.
- 2nd. A Secretary.
- 3rd. A Cashier.
- 4th. A Comptroller or Trustee, representing the creditors.
- 5th. A Conservator, whose business it is to keep a record of all operations.

Occasionally, in addition to the above, deputy officers are named.

The Committee select the members of the Judicial Council and the necessary employees.

Finally, in many associations, the general meeting appoint auditors (*censeurs*), whose business it is to examine the accounts in the minutest way, previous to each general meeting, to call upon the Committee of Management to rectify or explain whatever in their opinion requires correction or explanation, and to report the result of their investigations, with critical remarks, to the general meeting, who decide on their validity and the conclusions to be deduced from them.

The mere fact of having joined the Landed Credit Association by applying for a loan, binds every member of it, without distinction or exception, to accept all offices and functions belonging thereto, which may be conferred on him, without being consulted beforehand, either by the general meeting, if he is to form a part of the administrative corps, or by the Committee of Management, if he is to perform temporary duties limited to the district in which he, the said borrower so appointed, resides, such duties consisting in the valuation of property on which a loan is applied for, or the management of property which has been taken in execution for the benefit of the association, &c.

In Wurtemberg.—The administrative corps of the association consists:—

1. Of a committee of five members, elected at a general meeting, for three years, and re-eligible.
2. Of a Judicial Council.
3. Of a Royal Commissioner.
4. Of five deputy members.

The committee appoint their chairman from among their own number, or otherwise. They also select the Judicial Council of the association.

They appoint and dismiss their employees, in conformity with certain regulated formalities prescribed by the by-laws.

In Bavaria.—The Bank of Bavaria is managed by the forty largest stockholders.—These forty stockholders compose a Committee of Management who, voting by ballot, elect seven managers from among the stockholders resident in Munich, who again elect a director and sub-director from their own number. Besides these, the managers appoint auditors from among the principal merchants of Munich and a Judicial Council. All the Bavarian stockholders are eligible as members of the committee and as managers.—Neither managers nor auditors receive any pay.

Neither lenders nor borrowing proprietors have, in those capacities, any share in directing the operations of the bank. This is a remarkable feature which distinguishes the Bank of Bavaria from all the German landed credit associations; but as that form of management is generally prevalent among us, we refer to the statutes for details. The Bavarian Government exercises influence in the operations of the bank, both in its management and in matters of finance.

In management.—A Royal Commissioner constantly superintends the operations of the bank, and the issue of *billets monnaie* requires, in a particular manner, his control. This Commissioner can everywhere and at all times examine, as he pleases, the accounts and documents belonging to the bank; and he can suspend the execution of any measure which appears to him of an irregular character. The bank is in direct communication with the several departments in respect of its own affairs.

In matters of Finance.—By the 24th section of the Statutes, the Government declares its adhesion to the same conditions as individuals in its dealings with the bank, to which is granted the privilege of issuing notes for a century. It would, however, probably be difficult, in a time of trial, to carry out the arrangement. The Government deposits its funds in the bank, and has, therefore, a running account with it. It is, moreover, directly interested in its operations, as it holds a certain number of shares reserved.

In Austrian Gallacia the credit institution is subject to the authority of the Provincial Government,

It is managed by a Board of Directors who sit at Lemberg, and who represent it in all its transactions.

The Board consists of a President, four Directors, a Trustee, a Secretary, a Book-keeper, a Cashier, and the necessary number of employees.

The President and Vice-President are elected by the Provincial Diet at their sittings. His Majesty reserves the right of confirming the elections.

The Diet likewise appoint two Directors from the State Committees, and one Sub-Director.

The two other Directors and two Sub-Directors are appointed by the Diet and the members of the association, who are all members thereof, jointly, but from among the latter, without distinguishing whether they are or are not members of the State.

For the purpose of these elections, the Diet holds a special meeting, at which all the members of the association are present, who do not belong to that body, being officially summoned to attend.

In cases of emergency, when the absence of the Directors and Sub-Directors would prevent the managers from proceeding to business, the President of the Provincial Government would appoint temporary Directors to act until the obstacle was removed.

The Directors appoint the Trustee, the Secretary, the Accountant, the Cashier and the employees in the office.

The President, the Directors and all other employees are sworn in.

The Directors have alone the power to regulate and superintend the disposition of the sinking-fund and the Rest or reserve-fund, and to devise the most economical means of meeting the expenses of management.

Every year, at the end of the months of June and December, they draw up the balance sheet of the institution, of which they transmit a detailed copy to the Committee of Inspection, to be laid before the next general meeting.



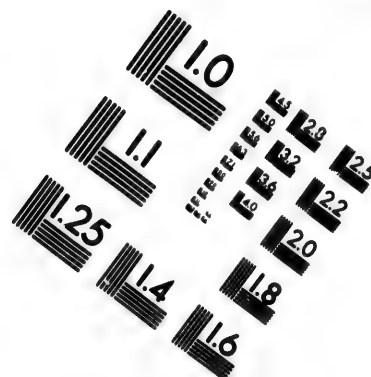
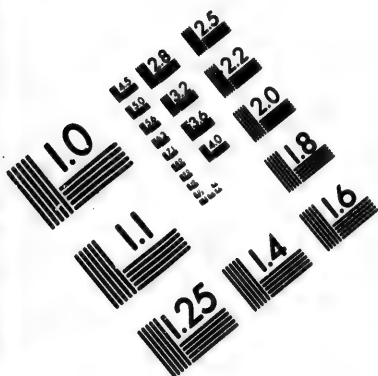
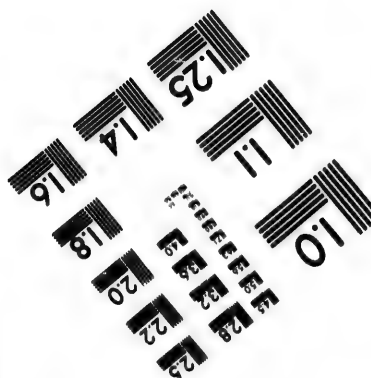
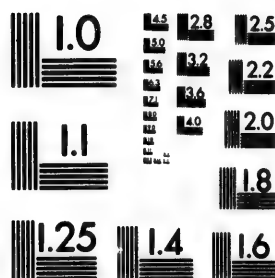


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They are authorized, at the commencement of operations of the institution, to take upon them the negotiation of the debentures.

Before authorizing a loan, the directors must verify the value of the hypothecated property. The trustee has only a deliberative voice in the meetings of the association. In case of an equality of votes on the occasion of granting a loan, the negative prevails. The President has power to suspend the execution of any measure which appears to him contrary to the laws and statutes, and to refer it to the Committee of Inspection.

In order to constitute the association, fifty proprietors who have pledged themselves for a loan of at least a million of florins must be found.

The Commissioners of Superintendence consist of the States Committee, to the exclusion of those members who are also Directors.

Their mission is to superintend the execution of the Statutes, the chest, and the issue of debentures. They have a suspensory power awaiting the decision of the general meeting; but they have no power of coercing the association either to grant or refuse loans.

Any modification of the Statutes requires the assent of the Diet and the sanction of His Majesty the Emperor, and it cannot have a retroactive effect. The local management is in the hands of a District Committee appointed by the States Committee. These Committees are subordinate to the General Directors.

Every proprietor who belongs to the association is bound to accept the above offices, unless sufficient reasons induce the committee of the association to excuse him.

A Government Commissioner is associated with the Directors and the Commissioners of Superintendence appointed by the Provincial Government. This Commissioner attends their meetings, but takes no part in the debate, having only a suspensory power whenever anything is done contrary to the Statutes. In the District Committees there is also a Royal Commissioner appointed by the District Government.

The decisions of the District Committees are submitted to the General Committee.

The salaries of the employees are subject to the approbation of the Aulic Chancery, which can alone authorise an increase over and above 500 florins. Those below that sum are regulated by the Provincial Government.

In *Saxony* the operations of the Association are directed by—

1. The Directors of the Association;
2. The General Meeting;
3. A Trustee;

4. A Delegate, with the necessary number of employees. The Directors represent the Association in all matters in dispute, active and passive, with third parties, in judicial actions, in taking oaths. Their authority is conferred on them by the mere fact of election, and does not require any special Act.

All acts and documents, books and extracts therefrom made by the Directors, agreeably to the statutes, are considered as official acts. These documents and extracts are to be certified and executed, respectively, by the President of the Directors or his deputy, and by the delegate, who may be sworn in by the tribunal of the District of Leipsic.

The Government appoint a Royal Commissioner as Inspector of the Association, who is entitled to be present at all meetings of the Directors and General Meetings, and to examine the books, accounts and cash of the Association at all times. No mortgage of the Association can be canceled, nor any debenture issued, without his sanction. It is his business to take care that the money is applied according to the statutes in force.

In *Prussia*, *Electoral March*, and *New March*, the Provincial Directors are: a Royal Commissioner, two Directors, a Trustee, and an Accountant, who reside at Berlin.

This Board of Management is the centre of four branches:—

1. For the Province of Prieignitz, at Perleberg;
 2. For the Central March, at Berlin;
 3. For the March of L'Ucher, at Prenzlau;
 4. For New March, at Frankfort-on-the-Oder.
- There was formerly a fifth, for Old March, at Stendhal. The union of that province with the kingdom of Westphalia caused it to be abolished, until a Royal Ordinance of 15th November, 1831, re-established it as a member of the Association, subject, however, to the management of the Branch Board of the Central March.

The Board of Management of each branch consists of a Trustee, an Accountant, and from two to seven Councillors, taken from among the proprietors of estates conferring titles (*biens nobles*). That of Frankfort-on-the-Oder alone has seven Councillors.

Pomerania.—The Hypothecary-Credit Association of Pomerania is governed by a Central Board which sits at Stettin, and by four Branch District Boards at Anclam, Stargard, Treptow-on-the-Rega, and Stolpe.

The Royal Commissioner, who is the President of the Association, is the Chief President of the Province of Pomerania, (Prefect, Superior Administrator); the staff of the Central Board consists, besides, of a Director-General, two Councillors, a Trustee, and a Treasurer.

Each branch has a Director, two Councillors, a Trustee, an Accountant, and Delegates as follows: four for Anclam, five for Stargard, six for Treptow, and five for Stolpe.

Western Prussia.—The General Board of Directors of this Association sits at Marienwerder, and consists of a Director General, two Councillors, a Trustee and an Accountant. It has four Branches; 1 at Marienwerder; 2 at Bromberg; 3 at Schneidemühl; 4 at Danzig; each branch has a Director, three or four Councillors and several Delegates.

Silesia.—The Board sits at Breslaw, and consists of:

A Director-General,

Three General Provincial Delegates, re-elected every three years,

A Trustee,

An Accountant.

It is the centre of nine Provincial Boards, which have each a Director: Jauer, Breslau and Brieg; Leignitz, Wohlau and Munsterberg; Glatz (with two Directors); Glogau-Sagan, Upper Silesia, Neisse-Grottkau, Oets-Militzsch, lastly Gœrlitz. Each of these particular Boards is composed of one or two Directors, one or two Trustees, an Accountant, a certain number of the notables of the country, and sometimes of Provincial Deputies.

The new institution, created by Royal Ordinance of 8th July, 1835, inserted in the Bulletin of the Laws, pp. 103, 109, and 117, and organized on 15th October of that year, is placed under the direction and superintendence of the Minister of Finance. It is under the especial direction of a Councillor of the Maritime Society (Seehandlung) of four proprietors of Silesia and a Trustee.

Eastern Prussia.—The General Board of Management of this Association sits at Königsberg; the President is a Royal Commissioner, who is the Superior President of the Province.

The General Board of Königsberg is composed of a Director, two Councillors, a Trustee, an Accountant and an agent at Berlin.

It has three Branches, or District Boards: 1. Königsberg, 2. Mohrunge, 3. Angerburg for Prussia Lithuania. Each of these Boards has a Director, from three to five Councillors, a Trustee and an Accountant.

Grand Duchy of Posen.—The General Board of Management of this Association, at Posen, is composed of a Director, three Councillors, a Trustee, an Accountant, a Secretary *conservateur*, and an agent at Berlin.

The Provincial Board of Posen is composed, moreover, of a Director, a Trustee, an Accountant, thirty Provincial Councillors,—only six of whom meet at Posen, the others managing the affairs of the Association in the several districts.

In Hanover.—The Minister of the Interior has the superintendence of the institution, and alone can alter the statutes. The institution is bound to publish an annual statement of its operations.

The Minister of the Interior appoints the members of the Board of Managers and the Cashier, and fixes the salaries of the employees. The latter must have six months' notice previous to dismissal, and must give the same before retiring.

The Directors are three, and, when necessary, a fourth.

The Districts have branch offices.

In Belgium.—The Fund of the proprietors is managed by a Board consisting of five members; and the affairs of the institution superintended by twenty Commissioners.

A permanent Board examine and authenticate the securities tendered by borrowers, consisting of men specially selected, whose whole attention is directed to test the validity of mortgages, and to decide questions incidental to them. This important Board of functionaries act constantly under the eye of a Commissioner delegated for the purpose, and its labors are directed by two Managers who are lawyers.

The chief office is at Brussels, and agencies are established in the principal cities and *communes* of the kingdom. The Board of Managers are particularly careful in choosing the most trustworthy agents. The Hypothecary Fund, which is different from that of the Proprietors in Belgium, is managed by a Committee consisting of a Director, who must hold forty shares, and four Managers, each holding thirty shares; by a Committee of Inspectors, consisting of fifteen Commissioners, of whom eight at least must be residents of Brussels, and each holding at least eight shares.

To the Managing Committee is attached a permanent central notary, without pay, who must hold at least thirty shares.

The Managing Committee choose eight provincial agents, removable at pleasure, each the holder of fifteen shares.

These agents appoint, with the approbation of the Managing Committee, their District agents, who must hold at least five shares.

The Board may appoint correspondents either in localities where it may be thought expedient, or in place of agents.

The shares of the members enumerated may not be transferred; but as long as they hold place, they remain in the custody of the Society, except those of the Commissioners.

The members of the Managing Committee are responsible only for the exact execution of their particular functions, and do not incur, on account of their management, any personal or corporate liability, with respect to the engagements of the Society.

The execution of Acts (legal instruments) is the duty of the Directors, except those of substitution, and under the approbation of the Managing Committee, who have the right of discussion and of nominating the persons attached to the management. Judicial actions are carried on in the name of the Society, but at the instance of the Director.

The guardianship of the general interests of the Society is entrusted to the Committee of Inspectors, which is the independent guardian of the rights and interests of parties.

Any decision of each of the committees adopted on a vote is binding only when three members of the Managing Committee and at least seven Commissioners shall have been present at the discussion.

The members of the Managing Committee are entitled to no more than a yearly assessment on the profits realized, not exceeding 8 per cent, 2 per cent of which is allowed to the Directors, and $1\frac{1}{2}$ per cent to each of the four Managers, but the aggregate so allowed is not to exceed 8,000 francs for the Directors and 6,000 francs for each of the other members of the committee, being the highest emolument attached to their office. Whatever, nevertheless, the result of the year's operations, they are assured of a minimum of remuneration, that is to say 4,000 francs to the Directors and 3,000 francs to each of his colleagues. The emolument of the Secretary, who is chosen by the Managing Committee with the right of dismissing him, is not to exceed 4,000 francs.

The duties of the Commissioners are honorary; each is, nevertheless, allowed a token of 10 francs for his attendance at each meeting.

The Directors, Managers, and Commissioners are elected by the general meeting; their term of service is five years; that of the members of the Committee of Inspectors is one year, but they may be re-elected at all times.

In *France*, the Landed Credit is placed under the superintendence of the Ministers of the Interior, Agriculture and Commerce, and of the Minister of Finance. The statute must be authorized by decree, the Council of State being understood.

The choice of Directors is subject to the approbation of the Ministers of Agriculture, Commerce and Public Works. Their management and their accounts are under the two-fold superintendence of the Minister of Agriculture, Commerce and Public Works, and of the Minister of Finance.

This superintendence consists: 1, in the attendance of Commissioners, specially appointed at the Office of the Landed Credit; 2, in the authentication of acts by Inspectors; 3, in the creation of a permanent body of Commissioners, eight in number, four appointed by the Minister of Finance, and four by the Ministers of Agriculture, Commerce and Public Works.

The Commissioners take care that the Landed Credit keep within the limits prescribed by law for their operations, that they issue debentures to no greater amount than that of their hypothecary obligations; that a sufficient number of debentures be canceled by lot

to correspond with the amount received on account of the Sinking Fund. They examine, at will, all books, records and other documents; verify the cash and the assets, attend the meetings, and make all necessary remarks which they may require to be entered on the minutes. They affix their signature to all debentures, so that they may regulate the issue of them. Finally they are to make a report to the Minister once in three months.

The Inspectors have the same duties as the Commissioners, except that of a constant attendance of the office. It is their province to take cognizance of the management and the accounts, authenticate all written documents, verify the cash and the assets, and examine all registers and books.

The permanent Commissioners advise on all questions relating to the management and inspection of the landed credit, and every year draw up a detailed report of its operations. In case of any contravention of its rights and duties by the landed credit, authority is vested in the minister to move for the immediate withdrawal of its authority. This is pronounced by a decree; and until the publication of the decree, he can forbid any further transactions.

Everything is made public for the information of the shareholders and the holders of debentures. Every six months the landed credit is bound to deliver to the Ministers of the Interior and of Finance, to the Prefects of Departments, to the Chambers of Commerce and Agriculture, and to the clerks of the different Courts, an abstract of the statement of its finances.

In Russia, the Bank of credit system is managed by a Superior General Council, to which are subordinate the District Councils. The officials are elective. The general meeting of the Bank of credit system is usually held every third year, without prejudice to the extraordinary meetings which may occur on emergency. Every member has an equal right to speak and vote at these meetings, but all are bound to submit to the decisions of the majority. The Bank has a Manager's Fund in each district.

OPERATIONS.

As soon as a Bank of Landed Credit is organized, the Board of Managers appointed, and the employees selected, notice is given in the public papers, and advertised in public places, that it is prepared to receive applications for loans. The title deeds being examined, and assurance had that there is no mortgage, or that means have been adopted for clearing it off, a correct valuation of the property being made, and a special hypothec given on the real estate, which ought to be registered, the Bank delivers to the borrower, or any duly authorised person, as in a case of substitution and conveyance, the sum borrowed.

Generally the banks give specie, or debentures which the borrower negotiates at his own risk. The Bank of Bavaria gives its notes, which are a legal tender; the issue is limited to eight millions of florins. The banks which pay specie issue debentures to the same amount as their loans, and payable within the same period of time as the hypothecary obligations taken from the borrowers.

The obligations of the borrowers are redeemable by annual payments, which comprise the interest, the sinking fund, the expenses of management and occasionally other expenses, as taxes, &c.

The banks which pay specie negotiate their debentures without difficulty. These are not payable by annuities, but the bank pays a certain number annually, which are determined by a *tirage au sort*, corresponding in amount with that received as a sinking fund, so that in the last year, all those issued at the same date are paid up. As the bank issues its debentures only as occasion requires, it always has money enough, and never too much. It is by the perpetual turning of hypothecary obligations into debentures, of debentures into specie, and of specie into obligations, that without great capital it can effect immense operations, which have no limits but the necessities of the borrowers. These banks, when once well established and prudently managed, possess a credit higher than that of Governments themselves. This will be evident by the tables of their circulation given above.

The greatest peril to which a bank of landed credit is exposed is that of lending on property the value of which is not sufficiently established. Accordingly, too much care cannot be taken in the examination of titles and the appraisement of the land. The danger is not nearly so great when the bank lends only on the condition of a compulsory sinking-fund: then the cases of want of punctuality are much more uncommon, and as the debtor

has only a small yearly payment to make, he can generally contrive to meet it with the surplus of his harvest, and even in bad years he can still manage it, by selling off a little stock.

The loans, and applications for them, are regulated by the statutes of the bank, and differ somewhat in different countries.

In France.—Of all the Landed Credit institutions in Europe, that of France is probably the most important. Being the last founded, and that after serious examination of the institutions of the same character in the rest of Europe, it was made to contain all the good, and to remain free from all the defects, contained in them; being, moreover, adapted to the habits and necessities of the French people, their laws, and the state of real property among them. The scheme for establishing an institution of Landed Credit was set on foot in 1841. In 1845, M. Royer was commissioned by the Government to proceed to other countries—Germany and elsewhere—and study those institutions so universally popular. All the diplomatic agents were likewise directed to collect and transmit to the French Government all the documents and all the information which they could procure. After the revolution of February the introduction of the Landed Credit was loudly demanded. Nearly all required the introduction of the system, including the right of issuing paper to be a legal tender, paper-money, and the *mobilization* of the soil.

Nothing less than the famous discussion of 10th and 11th October, 1848, in which Messieurs Henri, Léon Faucher, and other eminent economists took part, could have withstood those dangerous theories,—dangerous when not confined within prudent limits, as they are in Bavaria and Nassau. Commissioners were appointed of known respectability, and their reports, pregnant with information, abounding in facts, full of wholesome suggestions, led the way, after seven years' study and deliberation—from 1845 to 1852—to the establishment of institutions of Landed Credit in France. These, though still in their infancy, are in vigorous and extensive operation, which is growing daily. In 1859 the hypothecary loans amounted to twenty-six millions of francs; in 1860, to forty-eight millions; and in 1861, to eighty-seven millions: and this exclusive of loans to the Communes for drainage, for longer or shorter terms, amounting, in the aggregate—in 1859, to fifty-two millions; in 1860, to more than one hundred and fifty-six millions; and in 1861, to upwards of one hundred and seventy-nine millions.

The decree organizing Landed Credit institutions in France was presented 28th February, 1852. This merely laid down the general principles on which it is based. It contemplated the organization of several institutions in the country, whether constituted by capitalists or by the borrowers. Several were organized. The multiplicity was a mistake, and it was animadverted on by the commission appointed by the National Assembly. Nevertheless, the Government thought it expedient to permit each Department to establish its institutions of Landed Credit in its own way, so that it conformed to the rules and formalities required by law. No long period elapsed before the inconveniences of such a plurality made themselves felt as productive of rivalry and abounding with dangers.

The decree of 18th March, 1852, is the basis of the society known as the Landed Credit Bank of Paris, the privileges of which extended no further than the jurisdiction of the Court of Appeals. The Joint Stock Capital was fixed at 25 millions of francs, divided into 50,000 shares of 500 francs each, placed under the superintendence of the Ministers of the Interior, Agriculture and Commerce; its purpose was to lend in specie for long periods, an amount which was to be repaid by a sinking-fund, to issue debentures to the amount of the hypothecary obligations, and to call in a part of them annually to be determined by lot.

The decree of the 10th December, 1862, while it sanctioned the agreement between the Minister of Agriculture and Commerce and the Landed Credit Bank of Paris, first extended the privilege of the Bank, now called the Landed Credit of France, to all the departments not included in the bounds of the associations of Marseilles and Nevers, and then to the whole of France, the incorporation of the last named associations being previously effected. An aid of 10 millions of francs was accorded to it. Thus, by adopting one only Bank of Landed Credit, "one only type," as M. Wolowski expresses it, "the whole assumed large proportions and was simplified; it was the steam-engine doing the work of many isolated and discordant levers, and combining economy of motive power with great power of action."

A plurality of Banks of Landed Credit in one country is now acknowledged in Europe to be a serious inconvenience and an impediment to the beneficial working of the system. The establishment of one single parent institution, with branches under its direction, answers the end, and is free from all the inconveniences entailed by a number of institutions.

The Commission appointed by the National Assembly remark, in their Report of 1851: "It is no doubt desirable that there should be no more than one single establishment of Landed Credit in all France. The poorer districts would thus more surely derive benefit from the superabundant resources of the more favored parts, the general rate of interest or the rent of capital would, by this means, become more fixed and uniform; and the debentures made and issued in various and remote districts would acquire an immense degree of acceptability and readiness of circulation wherever there is capital to be invested.

"Your Commissioners attach great importance to this provision. It would seem very dangerous to multiply (especially at the outset) establishments of Landed Credit acting in the same sphere, and which, impelled by a spirit of rivalry and hurried on by their anxiety to monopolize clients, may be tempted to deviate from the direct path of prudence which it is so important to cause them to observe."

These are the remarks of M. Josseau in his treatise, in 1853: "In the first place, the Government, in adopting the principle of privilege (of unity), has taken a measure essentially wise. It was the price of success for the new institution. Have the results of rivalryship in such a matter been fairly considered? Have men looked steadily at the future of several associations carrying on their operations in the same section of country, and lending money one against the other? Is it not plain that to meet their expenses, to make profits, they must inevitably deviate from the prudential rules which are a condition of existence for such institutions? For our part, we are convinced that if opposition be allowed to exist between two institutions of this nature; if we furnish food for the spirit of speculation between two establishments of public utility, we should debase their character, and condemn them to inevitable ruin."

The Landed Credit began by lending for 50 years, repayable by annuities at 5 per cent., and, in order to raise the funds, issued debentures bearing 3 per cent. interest, redeemable proportionably year by year, with *lots* and premiums (*primes*) by a *tirage au sort*.

The premium (*prime*) was a fixed sum of 200 francs on each debenture of 1000 francs; that is to say, for every sum of 1000 francs which the bank received on a debenture, it promised to pay 1200 francs.

The *lots* were a certain sum of money payable to those holders of debentures whose numbers came up first in the drawing (*tirage au sort*). The lotteries (*tirages au sort*) take place four times in year: on 22nd March, June, September and December. In the three first, the first number drawn gains a hundred thousand francs; the second, fifty thousand; the third twenty thousand; in the drawing for December, the first number gains one hundred thousand francs; the second, fifty thousand; the third, forty thousand; the fourth, thirty thousand; the fifth, twenty thousand; the sixth, ten thousand, and the eight following numbers each five thousand francs; the aggregate being 800,000 francs of *lots* in the year.

The Landed Credit was authorized, by decree of 10th December, 1852, to modify its loans so as to substitute for the annual payment of 5 per cent. a sliding scale calculated on the average market value of 3 per cent. debentures; and to convert its 3 per cent. debentures carrying *lots* and *primes*, into 4 per cent. debentures carrying *lots*, but no fixed *prime*. This conversion met with success.

The decree of 6th July, 1854, entrusts to a governor and two sub-governors, appointed by the Emperor, the direction of the affairs of the Landed Credit in France. By that decree it was authorized to make loans for short terms, at first irrespective of a sinking fund, but afterwards with that provision. These were limited, however, to the amount of capital subscribed by the stockholders, and of the profits accruing. The Landed Credit then set about suppressing the *lots* and *primes* in the new issue of debentures, making them bear 5 per cent. interest instead of 3 per cent., or 4 per cent, as did those of the first issue, but then it raised to 6 per cent. the yearly payment of the borrower. In order to increase the public confidence in the bank, the first idea had been to give specie to the borrowing party, by which it became exposed to the fluctuations of the stock-market in disposing of

its debentures, and became liable to suffer loss; but the establishment soon became convinced that its safe and profitable working depended on making the borrowing party take its debentures in payment, which he was to negotiate as he best might. This is the ordinary practice of nearly all the Landed Credit institutions in Germany and other parts of Europe. Not, however, before the commencement of 1857 did it begin the issue of debentures as cash to borrowers; and even then half was cash, the other half debentures. The end was that all loans were paid in debentures. This was its greatest success. From that period the bank had nothing to fear; and it was always prepared to make advances to all who could find hypothecary security. The bank became more free in its operations; in 1855 the loans had only reached 12,500,000; in 1856 no more than 8,000,000; but in the second half of 1857, after the change of system, it advanced 6,000,000 in debentures; in 1858, 80,000,000; and it has still gone on increasing, as will be seen by the table to be hereafter inserted. The value of debentures also rose in the market, and the 5 per cents. generally stood at par.

By decree of 11th June, 1860, the operations of the bank were extended to Algeria. By a law of 19th May, 1860, the Landed Credit of France was substituted for the National Pay Office, to control the operations of the Contractors' Pay Office.

By a law of 6th July, 1860, it was authorized to loan money without hypothec, either for a long or short term, to departments, *communes*, and agricultural associations.

By a law of 28th July, 1860, it was authorized to found—aided by a grant and security of interest from the State—an association of "Farming Credit," that is to say, a bank to loan money to farmers on their personal security, without hypothec.

Besides these various offices, the Landed Credit of France has opened a Bank of Discount and Deposit, where it receives cash on call, and makes advances on real security and other property of definite value.

Loans for short terms, without provision for a sinking fund, are an innovation on all the principles of Landed Credit institutions, properly so termed, and accordingly we must observe that the Landed Credit in France is not merely a Landed Credit institution. Mostly, these loans for short terms are made only for the purpose of building in cities.

The Landed Credit is authorized by Act 2 of the Statutes to make use of deposits to loan money without hypothec to the half of their amount, and for not more than 90 days. This is the floating fund which, thus applied, makes it a Bank of Discount. The Joint Stock may also be applied to the same class of operations.

The Landed Credit has established by-laws for its operations in Landed Credit, properly speaking, as also for those which it carries on with the under Pay Offices, drainage, Floating Fund, and Farming Credit. Here I shall speak only of those which apply to the Landed Credit, referring to the Statutes and Reports for those which relate to its other operations.

The Landed Credit in France is an association of capitalists, being the only one of the kind which now exists by authority. The Joint Stock capital subscribed by the shareholders, even taken with the 10 millions grant, is a mere drop compared with the requirements of the Bank. The only means of raising capital here as elsewhere, was to issue debentures bearing interest payable to bearer or order within sixty years, and negotiable on change. This resource to procure capital being secured, nothing remained but to take the necessary precautions to make sure that the title and securities offered by the borrowers were sufficient.

The loans on hypothec, with a sinking-fund, are for terms which vary from 10 to 50, and even 60 years.

The Bank will lend on none but first mortgage, and to no greater amount than half the value of the property. In case of a previous mortgage existing, it causes itself to be subrogated, or keeps on hand a sum sufficient to pay it off. When there is apprehension of underhand hypothecs, it exercises the right of purge. It may, nevertheless, lend money on immovable property charged with a hypothec, granted on account of a *garantie d'éviction*, or a ground-rent, provided the amount of the loan, together with the capital inscribed, do not exceed a moiety of the worth of the real property.

This is a summary of the forms prescribed by the Landed Credit in France, to be observed by the borrower in order to obtain a loan; the general instructions promulgated for the authentication of titles, the drawing up of contracts, the hypothecary forms, and the process of the *purge*.

I. APPLICATIONS FOR LOANS.—Applications for loans must be made according to printed forms furnished by the Board of Managers, and signed by the borrower or his representative.

In support of his application, the borrower must produce—

1. A brief description, respectively, of each several property tendered as security; a specification showing every particular of their situation and superficial extent, including the number by which each, severally, is distinguished in the *cadastre*.

2. The title deeds showing his rights and those of his predecessors, and as far as possible an authentic proof of ownership drawn up by a notary for thirty years back, with a detailed analysis of the different mutations supported by the acts of transfer or deeds of conveyance.

3. A certified copy of the *matrice cadastrale*.

4. The leases or statement of subordinate holdings, if any there be, showing the sub-lettings (*fermages*) and rents paid in advance.

N. B.—It might be of use to produce former leases, besides those still in force.

5. A declaration of the income and expenses.

6. The scroll (*cote*) of rates (*contributions*) for the current year, or failing that, the scroll of the last preceeding year.

7. The policy of Insurance against fire.

8. A statement of registration, or at least a simple declaration, showing the state of the property with regard to incumbrances (*situation hypothécaire*).

9. A statement of the feu duties, (*servitudes*) or other real charges to which the property is subject.

10. A declaration of the civil qualification of the borrower, whether he is or has been married, or is a tutor (*tuteur*), or is entrusted with public monies.

The borrower should possess the faculty of contracting and granting a hypothec, and should declare under what law he contracted marriage.

It is necessary also to produce his marriage contract.

If married without a contract, he ought, if the marriage was contracted subsequent to 1st January, 1851, to produce his marriage certificate.

The Society accepts as security none but property producing a durable and certain revenue. (Statutes, Art. 55.)

The following are not admitted to share the advantages of the loans accorded by the Society:

1. Theatres.

2. Mines and quarries.

3. Undivided real estate, unless the hypothec convey the whole property with the consent of the tenants in common.

4. Those estates of which the usufruct and the fee are not held by the same, save with the consent of all sharing any right, to the establishment of the hypothec. (Statutes, Art. 54.)

The valuation of the property proposed to be mortgaged is made with a view to the titles, leases and other documentary information furnished by the borrowing proprietor.

The Society reserves the right of proceeding, in case of need, to have a valuation made by an appraiser, on an understanding with the person applying for a loan. The amount of the loan cannot exceed the moiety of the value of the real property hypothecated.

It is at most a third of the value of the vines, timber and other property of which the income is derived from plantations.

The buildings of farm-yards and workshops are valued for what they are worth intrinsically, independently of the industrial use to which they are applied.

In no case can the annuity, the payment of which is covenanted by the borrower, exceed the entire income arising from the property. (Statutes, Art. 56.)

The Society will make no loan save on a first mortgage.

But loans which are to be applied to the paying off of incumbrances, previously registered, are considered as secured by a first mortgage, when, by means of such a liquidation or by subrogation in favor of the Society, the hypothec becomes the first in order and incontestable.

In such case the Society retains in its own possession value enough to secure repayment. (Statutes, Art. 52.)

N. B.—The Society reserves the right of deciding whether the loan shall be secured by subrogation.

If the property is burthened with a registered hypothec granted as a *garantie d'éviction* or for ground rent, the loan may be allowed, provided its amount, together with the amount registered, do not exceed a moiety (or a third in some cases) of the value of the property. (Law 10th June, 1853, Art. 3.)

Means of securing to the Landed Credit precedence for the hypothec in its favor, without contestation, with reference to the creditors holding a privileged claim or a prior mortgage, are the following, independently of subrogation :

1. An acknowledgment of precedence, or priority in the order of hypothecation made by the creditor whose privileged claim or hypothec would take precedence of that of the Landed Credit.

2. *Purge* of legal hypothecs, authorized by decree of 28th February, 1852, and the law of 10th June, 1853, such hypothecs not being registered.

3. If they are registered, a release therefrom, either by the unmarried female under the *régime dotal*, or by the subrogated *tuteur* of the minor or interdicted person, in virtue of a resolution adopted in a *conseil de famille*, pursuant to article 9 of the decree of 28th February, 1852.

II. CONDITIONAL CONTRACT.—The property being found to be regular and the security sufficient, the Board of Managers determine the amount of the loan, and the signing of the conditional contract takes place. (Statutes, Art. 71.)

This contract, drawn up by the borrower's notary, according to a form furnished by the managers, shews the amount of the loan, and the number and nature of the securities which will be furnished on the execution of the definitive agreement. It contains a description of the property hypothecated, and proofs of undisputed ownership. It declares the length of time for which the loan is made, the amount of yearly payment (*l'annuité*), the dates of the half yearly terms into which the year is to be divided (31st January and 31st July), conditions of anticipated repayment, of insurance against fire, and of the assignment of the amount of indemnity in case of the destruction of the property, and, in short, the general conditions on which the Landed Credit grants loans. (See Statutes, Art. 51, 58, 60-69.)

The conditional contract fixes the time of realizing the loans, which may be (unless in exceptional cases specially provided for) within two months at most.

III. HYPOTHECARY FORMS AND PURGE.—After the conditional contract is signed, the registration of the hypothec is effected in favor of the Landed Credit of France, in the office of the Conservator of Hypothecs (Registrar) of the district in which the property is situated.

The memorial is drawn up according to a form furnished by the Board of Managers.

The *purge* is now facultative (law of 10th June, 1853, Art. 2). When the Society thinks that there is occasion for it, the proceeding to effect it is according to Art. 1 of the law of 10th June, 1853 (Statutes, Art. 53). Generally, the Society, without exempting the property altogether from the *purge*, dispenses with it at least in respect of *unknown* legal hypothecs, which alone involves *publicity* by being inserted in a journal. If the situation of the borrower be such as to allow the *purge* to be effected only in respect of known legal hypothecs, the formality is limited to a mere signification, either to the wife or her heirs, or to the surrogate guardian (*subrogé tuteur*) of minors, *without any publicity*. This is always the case when the borrower has, on his part, regularly complied with all the forms of the *purge*, on acquiring the property himself. It is of importance therefore that, together with his titles, he should file the vouchers of that *purge*.

IV. DEFINITIVE ACT.—Immediately after obtaining the certificate of registration in favor of the Landed Credit, if the *purge* of the legal hypothecs has not been requisite, or after the delay necessary to effect that *purge*, if it has been considered indispensable, the definitive act is proceeded with.

This Act, which certifies the realization of the loan, is a summary declaration of the accomplishment of the forms of the *purge*, and the other hypothecary forms, shewing satisfactorily that no registration has been found antecedent to that of the Landed Credit, save those effected to secure the debts which are to be liquidated out of the amount of the loan, or those securing *garanties d'éviction* or life annuities.

If of those debts some are of a nature not to be liquidated immediately, the circumstance does not prevent the realization of the loan. The definitive Act makes mention of it, and the amount remains in the hands of the Landed Credit, to account of the borrower, until the time arrives when the registered debts can be liquidated.

These general forms do not entirely supersede all other precautions which may be required in special cases, and which the nature of the law may suggest. The greatest danger may result from a neglect or error in matter of form; too great care cannot be taken in the valuation of real estate.

The borrower having obtained his loan, is bound to the regular payment of the annual amount agreed on. This is all he has to do. The introduction of the sinking fund is the foundation stone of every good institution of Landed Credit, as the debenture is the foundation of the whole edifice; the former is for the interest of the borrower and the security of the Bank, the latter concerns the very existence of the Bank, its present and its future solvency.

The borrower may, if he thinks fit, relieve himself from the capital debt by anticipation, either wholly or in part, by an indemnity fixed at one and a half per cent. If the repayment be only partial, it may be carried to account, at the discretion of the debtor, either of

1. The last annual payments, so as to reduce the number of them.
2. The whole ensuing annual payments, so as to reduce the amount of each payment.
3. Of the nearest ensuing payments.

The debentures ought to be inspected (*visées*) by the Government. They are registered and stamped. The lowest amount issued is for 100 francs. There are three series of debentures: those bearing three per cent. interest with *lots* and *primes*; those bearing four per cent. with *lots* only; and those bearing five per cent. without either *lots* or *primes*. All are, nevertheless, redeemable, by *tirage au sort*, as fast as the sums come in, which go to make a sinking fund to pay off the hypothecary obligations of the borrowers. The *lots* and *primes* are a source of inconvenience to the Bank, but at the commencement they were tolerated of necessity, in order to render the debentures popular; when the Bank raised the rate of interest, it got rid of the *lots* and *primes* to its great advantage. No opposition or *saisie-arrêt* is available to prevent or intercept the payment of debentures. This assures to them the favor of the public.

PRIVILEGES.

As the Banks of Landed Credit loan money at the very lowest rate of interest, and on the most advantageous terms, they need the fullest and most easy method of making sure that the real property sought to be hypothecated affords the amplest security; moreover, it is needful that they should be able to recover all their debts in regular course. For these purposes all governments have granted them the fullest privileges and the most ample powers. These powers, which might be dangerous in the hands of private individuals, are not in the least so as possessed by the Landed Credit, which is never moved by individual passions nor by personal animosity. Far from having grounds of complaint, the borrowers in all countries have had great reason to be satisfied with the excellent effects which those privileges have produced. Were there no other result besides the salutary apprehension produced in the minds of the borrowers, this feeling, as it would impel them to a higher degree of punctuality and exactness, would effect a great good. But besides this, they have enabled the Banks to reduce the rates on which they make loans to the lowest possible limits, as they have no premium of insurance to include in order to cover losses which might result from the carelessness or tardiness with which the payments might otherwise be made.

If we look at Landed Credit institutions in their true light, as a medium in which the interests of the lender and the borrower are equally cared for, as a great general agency for all proprietors of real estate who seek to borrow money, and capitalists who wish to invest theirs on mortgage, it must be granted that, in order to inspire the fullest confidence in the institution, capitalists should consider it as invested with extraordinary powers: 1. To make sure that the security offered by the property of the borrower is perfect. 2. To recover all debts promptly and punctually. In this confidence consists the credit of the institution; it is the security of the lender, the advantage of the bor-

rower. The greater the confidence which the Bank can command, the more capital it will acquire, and the more advantageous the terms on which it will be confided to it; the more it will have to lend, and the more easy the terms and the lower the rate on which it will lend. The true interest of both parties, therefore, capitalists and borrowers, lies in seeing their common agent invested with the most extensive powers.

In this both find their advantage.

There are three categories of privileges:—

1. Those relating to the security of the loan.
2. Those relating to the recovery of it.
3. Those relating to the profits arising from the operations.

One of the greatest obstacles to the popularity of loans on mortgage, which hinder many investments being made which would otherwise be freely offered, is, no doubt, the imperfection of the hypothecary regime, and the insufficiency (besides the cost of search) of the safeguard afforded by registration. It was necessary, while awaiting improved hypothecary legislation, to find a means of getting rid of this hindrance by a simple proceeding, ready at hand and not costly. This was found in the purge.

Purge.—The purge is not altogether a novelty in our legislation. The *décret volontaire* was the same thing in a modified form. The judgment of ratification was another form in which it existed. It is nothing more than a simplification of this latter, saving the costliness, the delays, and the complicated forms of the proceeding. In this country the purchaser may obtain, by a judgment of ratification, a declaration of all unregistered hypotheses of whatever nature, under the penalty to the claimants of losing all their privileges and hypotheses, if they fail to declare them. The purge confers the same rights on the Landed Credit, not as purchasers, but as lending money. And it is right that the Landed Credit should be able to ascertain that there are no secret privileges or hypotheses to rob it of its rights, which would be otherwise continually imperiled. Failing this, its loans not being perfectly secured, it would be often obliged to refuse them or to take a premium of insurance, thereby defeating its main purpose: that of a fund for granting cheap loans.

If it is desired to found an institution of Landed Credit in the country, we must, of necessity, concede to it the right of the purge. Wanting that, how can it be known whether the property on which the bank has accepted a mortgage, be not burthened with some claims, charges or privileges, which may come to light at some future day, to rob the institution of the amount of a debt which was thought to be perfectly secured? The foreign capitalist will be afraid to invest his capital in the debentures of an institution which he knows not to possess adequate means of avoiding the inconveniences and dangers of an hypothecary system in a state of transition, and likely to be so for years to come. If we drive away the capitalist, we do wrong to the farmer.

Looking at the question from every point of view, the purge, if granted to the Landed Credit, effects a great amount of good, involving no inconvenience either present or future.

Having the purge, it may be objected, the Bank cannot need to care for certificates of registration; and, then, what becomes of the security of foreign capitalists who may wish to invest their money on mortgage in this country? It is for the interest of the country to attract foreign capital in search of investment on mortgage; to effect this, the holders must be convinced that, when once their mortgage is registered, it becomes a guarantee not to be affected by any occurrence; and was it not for this that the law was enacted, under which the hypothecary creditor is exempted from all obligation to file an opposition to a Sheriff's sale in order to preserve his rights?

No doubt it is good and desirable to attract foreign capital to this country; is it not for this express purpose that we seek to create an institution that will command full confidence and afford the best security?

Will not the Landed Credit be a mighty reservoir to receive capital, with which it will irrigate and fertilize our fields through a thousand channels, scattering abundance among the rural classes? Capitalists, instead of making investments on hypotheses in small parcels, will lay out their money in debentures of the Landed Credit, as more sure and far more convenient.

The law which excused hypothecary creditors, whose debts were registered, from flying any opposition, was an excellent measure at the time to attract foreign capitalists;

but there is now no longer any need of it, because the Landed Credit shows a better mode of drawing it hither. Hon. G. E. Cartier, who was the author of that law, showed a right appreciation of the relation which ought to exist between the lender and the borrower. Although the time has been too short to allow foreign capitalists to understand and profit by our legislative action in this behalf, and although the difficulty and the expense, arising from the defective character of our system of registration, have influenced practitioners of the law to call for its repeal, it is not the less true that the views of the legislator were just, considering it as a purely financial measure.

The main motive for requiring the repeal of this law arises from the costliness of the certificates issued by the Register Offices, which are, for the most part, useless. In fact, many registered mortgages which have been paid off still remain on the books through the carelessness of debtors. The creditor whose claim is satisfied is, perhaps, either dead or absent. Certificates make mention of all such hypothecs, and by what means are we to avoid the consequent expense and the effect on judgments of distribution? These are strong arguments in favor of the purge, which would at once sweep away all claims which have been satisfied, but which still remain recorded in the books of the Registrar.

The purge which is prayed for, in the interest of the Landed Credit, will not destroy hypothecs which are not declared; it will only prevent them from obtaining a preference over those of the Bank.

The Committee, in their remarkable report to the Assembly, thus speaks of the purge: "Everybody will acknowledge that, failing to possess this necessary right, institutions which are original *bailleurs de fonds*, or securities for debt to third parties, would be in danger of endless litigation, certain discredit, and almost inevitable ruin.

"It is our opinion that without the right of the purge, no establishment of Landed Credit can exist."

Mr. Josseau, in his treatise published in 1853, said: "In all countries in which Landed Credit institutions exist, the law holds as a main and leading principle the absolute publicity of the acts conveying property and the rights which affect real estate offered as security. Priority of rank is so necessary in these societies, that in Poland, where the Code Napoleon, authorizing secret rights, is in force, it has been so modified, as to render the establishment of them possible; and for the self-same reason, they have never been found practicable, nor been organized either in France or in the German States on the left bank of the Rhine. The system of the Civil Code in the conveyance of rights to real estate, and respecting mortgages is, moreover, well understood. It prescribes publicity by means of transcription for donations and substitutions, but does not require it for other ways of conveying real estate, nor for substantial claims which, by becoming a charge upon it, may diminish its value.

The constitution or transcription of servitudes, customary rights, habitation and antichresis (mortgage) are not subject to any publicity with respect to third parties. The resolutive action of the seller who has not been paid for his property may be exercised at any time within thirty years, and even within a longer period, if any cause exists to suspend the prescription, and yet nothing makes known the existence of such a right to the purchaser or the lender on mortgage.

There are, moreover, a host of grounds of action which may remain unknown to those parties until the very day they are brought into court. Of these are, the action revoking a donation on account of failure to fulfil the stipulated duties, on account of ingratitude of the donee, or the birth of children (Art. 953 *et seq.* C. N.); the right of *retour conventionnel* belonging to the donor (art. 952); the action in reduction of donations (art. 930); the action of rescission of a *partage d'ascendants* or between co-heirs, for lesion of more than a fourth part (art. 887, 1079); that of the purchaser of real estate for lesion of more than 7-12 (art. 1674); that of the proprietor in reversion against the life-tenant for damage during usufruct (art. 618); in the exercise of the right of redemption (art. 1659); in the exercise of the right of demanding the products in kind (art. 859); the action for restitution of a tenant in common, evicted by exchange (art. 1705); the action to revoke the alienation of real estate claimed as dowry (art. 1560); the Panlian action (art. 1167); the action to rescind by reason of error, misrepresentation or violence (art. 1304).

In short, the legal hypothecs of wives, minors, and interdicted persons are exempt from

registration, and constitute secret claims with which nearly all real estate within our territory is burthened.

In such a state of things, how could Societies make loans with perfect security? What becomes of security under the empire of a law which affords no assurance to the man who lends his money (with whatever care he may scrutinize the validity of titles), that his debtor is really the proprietor of the property mortgaged, and that he may not be dispossessed of it by a third party holding a title of authentic date prior to his? What becomes of his security if, granting the borrower to be the real owner of the estate, he may be dispossessed of it by a seller who institutes resolatory action after the preemption of his privilege, if a third party brings into court one of the many rescissory or revocatory actions which keep the definitive title of the proprietor so long undecided, or finally if certain dismemberments of the property seriously affecting its value should come to light? What security does a *tuteur*, or a person give who, having, without the knowledge of the lender on mortgage, exercised that office, is burthened with the secret and indeterminate liabilities which may one day come to light, and take precedence of all registered liabilities? How can any one lend money without fear to a man who is or has been married, even in the former case, where there is sub-rogation in the legal hypothec of the wife, since the effect of that guarantee may be nullified by a previous cession of goods which need not, under the existing law, be registered at all?

All these dangers are not imaginary; and if they are not realized in every case; if it is just even to attribute to the carelessness of creditors, not making the necessary investigation, some part of the losses which they experience, we are bound to acknowledge that in many cases the vices of our legislation are, even for the most careful of mankind, a cause of deception which nobody can escape.

In the face of such dangers, how was the legislature to set about providing for the Landed Credit associations that security on which their success depended?

There were three ways of doing this: to suspend any step with respect to the Landed Credit, until the most crying evils of the system of hypothecation should be abated; and never was reform more justifiable or more reasonable; but it is beset with obstacles; jurists are divided upon it, and it may be long in coming.

Another way was open: to compel the publication of all occult rights interesting to the Landed Credit associations. But this course had the inconvenience of seriously modifying the civil law, as it stands, for the sake of a special institution, and of setting up contending enactments respecting the same subject. This plan was not adopted.

A third way remained, less radical, but apparently sufficient to enable Landed Credit associations, if not to work with entire freedom, at least to get into working order, and try to adapt themselves to the country and its institutions. This was to enable the associations to discover, before committing themselves to the actual loaning of money, all the secret claims which might exist on any real estate; and it happens that our civil code already contains an expedient for the purpose—the *legal purge*.

The *purge* is of French origin. Its first application, under the form of a *décret volontaire*, rested on the principle that the expropriation or *décret forcé* conveyed the estate to the hands of the purchaser, free and unburthened from all real claims.

Without tracing it through all its transformations, we shall merely observe, that according to the old law, it released the land from all incumbrances, even the rights of wives and minor children.

Under the civil code, the purge has a two-fold object. It is the recourse afforded to the *tiers détenteur* to release the land from the hypothecs and privileged claims with which it was burthened, as derived from preceding proprietors, and to bar the actions of hypothecary creditors. It is also a means of compelling the declaration, by protest, (*mise en demeure*) of all secret hypothecs with which the land purchased is burthened. But with us, the *purge* takes place only in the case of sale, and cannot be applied by the lender of money on mortgage. Why is this? Why, we asked in a former publication of ours, on the subject of hypothecary reform, why oblige the husband or the *tuteur*, who wants money, to sell his property, instead of effecting a loan by mortgage? What course does he adopt to save his property? sells it subject to a right of redemption, incurs considerable expense, *purges*, and often loses his property altogether, which thus slips away, as security, from the exercise of those rights which were devised as safeguards of incapable

persons. If it is a husband who wants a loan, he makes his wife join him personally and jointly in the security. Now, do we not know that a sale deprives the incapable person of his hypothec; that the joint obligation compromises him, while the *purge*, in case of a loan, entails in him no loss, save that of the order of his claim, which returns to him after the money is paid back? The application of the *purge* or contract for a loan, in general, would therefore be, in our opinion, as beneficial to the borrower as it would be to the capitalist.

These are considerations favorable to the measure; but they acquire greater force when they are applied to the lending of money by Landed Credit associations; in this aspect, they offer two motives of decisive weight: one, that in these loans, which never amount to more than half the value of the property pledged, the gradual release by means of the sinking fund, brings it back by degrees; the other, that the existence of dormant or hidden claims would, without the *purge*, render the establishment of Landed Credit an absolute impossibility.

In France the *purge* is facultative, the Landed Credit making use of the right only when there is reason to apprehend secret hypothecs. There is a distinction between the *purge* of legal hypothecs which are known, and those which are unknown; they are known when the existence and the personal identity of the claimant is known—unknown when these particulars are unknown.

If there is a known hypothec in favor of the wife of the borrower, and she does not appear in the transaction of the loan, an extract of the conditional agreement for the loan is served upon her, containing a notification that in order to preserve her hypothec, she must register it within fifteen days. This extract must be served on her in person. If that cannot be done, it is made known to the Imperial Attorney General (*Procureur Impérial*), and published in the newspapers. This causes a delay of forty days. If the wife is present at the transaction, but refuses her consent, then the notary serves her with, the same notice.

If the hypothec, being known, belongs to a minor or an interdicted person, an extract of the conditional agreement is served on the *subrogé tuteur*, and a notification of it made to the Justice of the Peace.

In the case of legal hypothecs which are unknown, the extract of the conditional agreement must be made known to the Imperial Attorney General, (*Procureur Impérial*) nearest to the domicile of the borrowers, as well as to the Attorney-General of the arrondissement in which the property is situated. This extract must be inscribed, together with a statement of the service effected as aforesaid, in one of the papers assigned for the publication of judicial notices in the arrondissement in which the property is situated.

The registration must be made within forty days after the date of the insertion.

The greatest precautions are taken for the protection of married women, minors and interdicted persons.

It is desirable that there should be a particular journal, specially appointed by the Landed Credit, to be the official journal for all advertisements, notices, &c. In this way the public would know where to look for information which might be required.

The declaration of the borrower that he has created no mortgage, nor assigned any privilege, and that he has no knowledge of any such existing as affecting his property, may also be a good additional means of obviating frauds which unscrupulous borrowers might try to practise on the bank, by annexing to false declarations the penalty of fraud (*stellionat*.)

Delay.—Judges may not grant any delay for the liquidation of annual payments (*annuités*) due to the Bank.

Freedom from Seizure.—Neither by opposition, (*saisie-arrêt*) nor otherwise can the payment of annual dues, nor the interest on debentures, nor of capital itself when due, be intercepted. It is of the utmost importance that the working of the landed credit should not be impeded by evil-disposed creditors.

Appeal.—In France there is no appeal from judgments given in favor of the landed credit.

Interest during Delay.—Any delay in the payment of the monies due to the landed credit entails as, of course, the payment of interest during such delay.

Sequestration.—In case of delay on the part of the debtor, the landed credit may under a writ delivered on petition by the President of the Civil Court of *Première Instance* and fifteen days after protest, take possession of the real estate hypothecated. at the cost and risk of the defaulting debtor. While the sequestration continues, the landed credit receives the whole of the revenue or produce, any opposition or *saisie* to the contrary notwithstanding, and applies it by privilege to the liquidation of the payments due, together with the costs, having deducted therefrom the amount necessary to pay the cost of keeping the property in order, seed and labor, and the taxes.

Total payment of the debt and abuse of the usufruct, on the part of the *Crédit Foncier* are the only grounds on which the sequestration can be made to terminate.

After the termination of the sequestration, a detailed account is rendered to the owner of the property. If there be any dispute, it is referred to the Court, from whose judgment an appeal will lie, if necessary.

We may observe that unless in the case of large property or considerable works, there is no advantage in the sequestration of real estate. In such a case, it is more expedient to bring the property to sale, which the right of sequestration does not prevent.

Expropriation.—In case of non-payment of the annual due, and whenever, by reason of the deterioration of the property, its partial alienation, injury to the title or right of possession, concealment of the causes of legal hypothecs created by the debtor, or damages by accident, the interests of the landed credit suffer loss or danger of loss, it may proceed to sell the estate. If the debtor contest the right of selling, it can be summarily ordered by the Court holding jurisdiction in the district where it is situated. From this judgment there is no appeal. The party against whom judgment is entered must pay, within eight days, the whole sum due to the landed credit, any opposition, contestation, &c., to the contrary notwithstanding, saving their action or repetition if there be need.

Gagerie.—Landed credit associations generally have a right of pledge, *saisie-gagerie*, over the moveables of the debtor, his implements of agriculture and farming stock, as also over his crops, either standing or harvested, for the payment of the annual due, to prevent fraud or pretended sales.

Alienation.—No sale of the property is considered valid, in default of notice thereof being given to the landed credit. This provision is general everywhere.

Taxes.—The debentures and property of the landed credit are, in several countries, exempt from taxation; in France, they pay a tax of 10 centimes per 100 francs.

Postage.—Several governments accord to the landed credit the privilege of communication by mail, free of postage, or take a smaller rate.

Execution without Process (Voie Parée).—The levy or execution without process is of great importance to prevent expense and useless delays, for the interest both of the borrower and of the Bank.

Registration.—The landed credit is not bound to renew its registration of mortgages during the continuance of the loan, to avoid prescription, or preserve its rights. It is expedient also that no registration of a hypothec effected after that of the landed credit, should have effect until notice thereof shall have been given to the society. Several other privileges of less importance have been granted to different institutions of landed credit in Europe, such as being a bank of judicial deposits, of deposit of monies belonging to minor children, interdicted persons or other incapable persons, in exchange for debentures.

The safety-fund of the landed credit in France, that is to say the fund destined to guarantee the fulfilment of all its engagements, consists of a joint stock capital of sixty millions of francs in shares.

The Reserve Fund, which is a provision against unforeseen losses, is fixed at 12 millions of francs, arising from an annual assessment made upon the profits.

Cases and forms of liquidation are established by the decree of 18th October, 1862, and by the statutes.

The manager must be a holder of 100 shares, and is appointed by the Board of Managers, subject to the approbation of the Minister of the Interior. The administrators must be holders of 50 shares each: a certain number of them are elected annually by the general meeting. The administrators appoint and dismiss the employees of the Landed Credit at the will of the manager.

Wurtemberg.—"In Wurtemberg the conditions of a loan," M. Royer says, "are neither clear nor liberal (*hardies*). For a nominal loan of 100 florins, the association pays out in reality no more than 96, or for the same sum demands repayment of 104. In the former case the borrower pays for 50 years, 4 florins and 8-10 kreutzers; in the second case, 4 florins 58 6-10 kreutzers. Moreover a prolongation of two years payment of the annual due is required as a Reserve Fund or Safety Fund, over and above the interest of 3½ per cent., and the Sinking Fund; notwithstanding it appears that the difference of ½ per cent. between the rate of interest paid and that received by the managers, ought to be sufficient for the Safety Fund. Again, a further contribution of 26 kreutzers (about 95 centimes) per 1000 florins (2150 francs) borrowed, is demanded to defray the cost of management and original establishment.

At the outset of the undertaking this contribution of 26 kreutzers was paid throughout the whole term of creating the sinking fund agreed on, and on the whole amount of the loan, whatever the amount of the instalments paid, whether at the stated periods or by anticipation. Since 1838 this abuse has been reformed; the contribution is now paid only in proportion to the amount still due by the borrower, the anticipated payments on account of principal exempt the debtor from the payment of any contribution of this kind.

There is here, already, a great difference between this institution and those of the North of Germany, the general intention of which is to lend on a certain class of ferdal lands (*biens nobles*) exclusively, or which require from the peasantry, when they are borrowers, double the security exacted from the others. Property is very minutely divided in Wurtemberg.

The association decided by their statutes that they would effect a first loan of six millions of florins (12,900,000 francs), but reserved the right of opening a second, when the subscription to the first was filled up. At the close of 1843, the first amounted to 5,585,630 florins 15 kreutzers, besides 746,625 florins repaid during the five years between 1839 and 1843, making in all 6,333,255 florins 15 kreutzers.

Originally, the amount of interest was discussed between the lenders and the association, as a subject of bargain. For at least eight years past, loans are effected for 3 per cent. only, and it does not appear that there has ever been any deficiency of capital to meet the wants of the association; but as the system of a sinking fund by compound interest requires that there should never be the smallest sum lying idle in the hands of the cashier, the capital tendered can be accepted only as fast as it is applied for by new borrowers.

The Association lend their money only on a first hypothec, and on security worth at least double the amount of the loan. Applications for loans must contain the documents necessary to establish:

1. A detailed estimate of the value of the property and its dependencies.
2. The permanent yearly net produce, which ought to be one-half more than the ordinary annual value on an average of fifty years.
3. That the security consists principally of arable land.
4. That the farm buildings do not form more than a fourth part of the hypothecary value.
5. Also, that the vineyards are not in value more than a fourth part of the property hypothecated.

In large cities only, dwelling houses are admitted as security for loans; and even then the rent of them must amount to twice the interest.

In factories, no other value is generally admitted beyond that of the building. Grist mills are excepted, as are also chemical laboratories, because they are, in Wurtemberg, the subject of a saleable privilege of considerable value.

Mills are valued by taking a medium between the taxation of the association, and that of insurance against fire, which is obligatory in Wurtemberg, in respect of real estate in buildings, which also furnishes a convenient average estimate of their value.

Forests are not admitted to hypothec, save as belonging to communes. In the hands of private persons they cannot exceed a third part of the valuation. Loans are repayable by annuities, with obligatory sinking fund.

The annual payment comprises the interest at 3 per cent.; the cost of management, now reduced to ½ per cent.; and the sinking fund, the minimum of which is 1 per cent, extinguishing the debt in 48 years.

The bank has great privileges, and ample means of recovering its monies. As a general rule, the sums lent are not less than two thousand florins, with the following exceptions:

1. For communes, or when communes guarantee the regular payment of interest, the minimum is 500 florins.
2. For proprietors not having the security of the commune, but in particularly favorable circumstances, the minimum may be 1,000 florins.

The bank has great privileges and ample means of recovering its monies.

Bavaria.—The hypothecary and discount *Bank of Bavaria* is a society of capitalists who are shareholders. The multiplicity of operations conducted by the Bank of Bavaria renders it an exception quite unique in Germany as an institution of landed credit. This bank supplies the place of an association of landed credit, an agency, trust and loan company, life and fire assurance company, a savings bank, a pawn-broking establishment (*Mont de Piété*), a bank of deposit, a bank of issue and of discount; shareholders, lenders, borrowers, and the government itself, are directly interested in its operations, which at once embrace real estate, agriculture, commerce, and public credit. This may be seen by sections 13, 43, 46, &c., of the statutes.

The minimum amount of loans is 500 florins, advanced on a first hypothec, and security of twice the value. Its operations extend over all Bavaria. It exacts the creation of a sinking fund. With an annual payment of $5\frac{1}{2}$ per centum, the borrower is released from his debt in thirty-four years and six months. It issues notes to the amount of eight millions of florins, which are a legal tender. "These notes excite no mistrust, and accordingly they are found in the hands of everybody throughout the country," says Mr. Royer, in his report. Three-fifths of the capital of the Bank are to be loaned on mortgage. The Bank pays 3 per cent. interest on its own loans. Its shares were at 50 per cent premium in 1844. The annual payment is from $4\frac{1}{2}$ to 6 per cent. per annum, according as the borrower wishes to extinguish his debt in 20 or 62 years. The annual payment comprises 3 per cent. for interest, 1 per cent. for cost of management, and the rest for the sinking fund, &c. The borrower is always free to pay his debt, either in one sum or by instalments. The government is constitutional: the king and two Chambers, a council of state, and seven ministers. The Bank has ample privileges to recover its monies.

Russia.—The Bank of Credit System was created after the war of 1815. The Emperor Alexander made the first advances to enable it to commence operations: these have been all paid back in full. Its intention was to enable every owner of real estate to obtain capital at a moderate rate of interest. All borrowers are joint debtors (*solidaires*), to the extent of three-fourths of the property mortgaged. The sinking fund is exacted. The annual payment is regulated at the time of effecting the loan.

Poland.—The civil law is the Code Napoleon, in the Grand Duchy of Warsaw, but modified so as not to allow of secret mortgages. The Bank of Landed Credit was founded in 1825. Loans do not exceed half the value of the property. The valuation is made on the net annual revenue. The sinking fund is fixed at 2 per cent., payable half-yearly. The interest is 4 per cent. The cost of management is, first, 1 florin to pay for the issue of debentures for from 200 to 500 florins, and 2 florins for every 1000 florins' worth of debentures; besides 1 Polish *gros* for every florin of the three monthly payment.

Prussia.—Prussia possesses the greatest number of perfectly organized institutions of Landed Credit to be found in Germany.

Six of the eight provinces of Prussia possess an analogous system of institutions of Landed Credit.

In 1845, their circulation amounted to 400 millions of francs in debentures; and notwithstanding the importance of their operations, so simple was their mechanism and its working, that their existence was scarcely known in the cities where their offices were established. Persons who had no business to transact with them scarcely knew of their existence. But the farmers knew perfectly well where to find them. The Prussian institution, Mr. Royer says (p. 266), do not borrow, neither do they lend money: they have no capital at their disposal, and do not ask for either interference or responsibility from the government. They issue no notes like those of Bavaria, but merely negotiate debentures, which are perfectly safe, cause no trouble nor law suits, and require neither

expensive nor numerous officers, not even the ordinary attendance of a body of clerks, during a great portion of the year.

The Prussian associations are not exclusively for the benefit of the great estates (*biens nobles*), though they favor them, lending to them to the extent of a moiety of their value; while to the free peasantry they lend no more than a fourth of the value of their property.

Silesia.—In this province the first experiment of the Landed Credit was made. It was organized on 15th July, 1770, according to the plan of Kauffman Büding or Büding. Like all new attempts its organization had defects which have been since amended. Thus the sinking-fund, that sheet anchor of safety for both the borrower and the bank, did not exist. Every bearer of a debenture was entitled, after six months' notice to demand repayment from the Bank. All feudal estates (*biens nobles*) were jointly made parties in the obligation not of choice, but by law. These inconveniences have not disappeared.

Despite these imperfections, the *Crédit Foncier* was productive of substantial benefit, first by causing the rate of interest on mortgages to fall from 10 per cent. to 5 per cent., then to 4½ per cent. in 1776, to 4 per cent. in 1788, to 3½ and 3¼ per cent. in 1839 by conversion.

The debentures carry interest coupons for five years. The bank lends as much as two-thirds of the value of properties, and sometimes more. It receives deposits and makes loans with a view to promote the sale of wool. It redeems a portion of the debentures annually by lot.

When a half-yearly payment is in arrear, the bank charges 4 per cent. interest (*intérêt moratoire*), and proceeds to a sequestration. At the beginning of 1854, the new association had issued debentures for more than two millions of thalers. The quotations of these debentures varied on the *Berlin Bourse*, from par to 7½ per cent. premium, from 1826 to 1839.

Nouvelle Marche.—Interest coupons are given with the debentures. In 1837 there were debentures to the amount of 11,881,850 thalers in circulation. The debentures are negotiable at a premium of from 6 to 8 per cent., and even more. A conversion of these debentures from 4's to 3½ per cent. caused them to fall below par; but this was only momentary, as they gradually rose to 1½ per cent. premium in the following year, and to 4½ per cent. premium in 1844.

Pomerania.—The *caisse hypothécaire* is an association of borrowing proprietors. The debentures are payable to bearer; they now bear 3½ per cent. interest; the borrower pays 4 per cent. interest and ½ of 1 per cent. *droit de quittance*. The borrowers are jointly and severally liable, loans are made on first mortgages only, with an insurance on buildings. The debentures bore 4 per cent. interest previous to 1838, and were negotiable at 6, 7, and 8 per cent. premium. The conversion, at that period, of the old debentures into new ones bearing only 3½ per cent. interest, caused them at first to fall below par, but only for a short interval, for in 1839 they were at 2 per cent. premium, and in 1844 at 3 per cent. premium.

West Prussia.—The *Crédit Foncier* lends only one half the assessed value of an immoveable. The debentures bear 3½ per cent. interest. The borrowers pay 4½ per cent. annuity, being 3½ for interest, ½ for sinking fund, ½ for cost of management, and ½ for the reserve fund (which amounts to 700,000 thalers). When the reserve fund shall have been completed, the amount fixed for cost of management is to be affected to the sinking fund. In 1837, the amount of debentures in circulation exceeded 10 million thalers, they were negotiable at 3½ per cent. premium.

East Prussia.—The debentures bear interest coupons; they amounted to over eleven millions thalers in 1857. They bear 3½ per cent. interest. In August, 1837, they were at 3½ per cent. premium. They are now sold at a premium.

Grand Duchy of Posen.—This was the first of the Prussian associations that made the sinking fund obligatory under its by-laws, in 1821. All the other associations ended by adopting this principle, but only after a painful experience had demonstrated its indispensable efficacy.

When the debentures are at a premium, the association offers to redeem them by lot, paying 3 per cent. premium; when they are below par, it purchases them at the *Bourse*. The first series of debentures bore 4 per cent. interest; the new bear 3½, with redemption at par, by lot, at the option of the association. The borrowers of this series pay an annuity of 5½ per cent (3½ for interest, 1½ for extinction in 35 years, and ½ for cost of manage-

ment). An ordinance of 1825 introduced the *purge*. In 1837, the debentures in circulation amounted to over 12 million of thalers; they were at a premium of 6 per cent. in 1842.

Austria.—Gallicia “*L’Institution de crédit foncier de la Gallicie* is considered one of the most perfect of the kind in existence,” says M. Josseau. “Its regulations exhibit a remarkable degree of perfection,” says Mr. Royer; they approximate more closely to the system which has now been adopted in Prussia, which has long prevailed in Hanover, and which has quite recently been adopted in Saxony, than to those of Wurtemberg and Bavaria.

It is an association of borrowing proprietors. It lends only one half the value of an immoveable, and not less than one hundred florins; it issues debentures, redeemable only at the option of the association, which are delivered to the borrower. The borrower becomes a member of the association by the fact of his loan; the sale of an immoveable hypothecated renders the purchaser a member of the association, and discharges the former proprietor.

The borrower, on entering, pays 3 per cent. to the reserve fund; and, in addition to 4 per cent. interest, he pays $\frac{1}{2}$ per cent., in advance, half yearly. The books of the association constitute legal proof against the debtor. The association enjoys great privileges, and ample means of compelling payment. See the statutes. The States of Gallicia guarantee the operations of the association.

Kingdom of Saxony.—This government is constitutional, consisting of a king and two chambers. At the head of the administration is a general ministry. There are in Saxony two *crédit foncier* institutions:—the first is *l’union de crédit des provinces héréditaires*, the second is *La banque hypothécaire des Etats de la Haute Lusace*.

L’union de crédit, founded more especially in behalf of the noblesse, admits nevertheless properties belonging to peasants. This is an association of borrowing proprietors. It does not lend less than one thousand thalers (the thaler is worth about 72 cents of our money). The sinking fund is obligatory. The annuity is paid half-yearly, and always three months before the interest on the debentures falls due. The cost of management is now about $\frac{1}{2}$ per cent. The association cannot compel the holder of a debenture to accept payment, without giving six months’ notice in advance. It only lends on first mortgage. It gives debentures to the borrower; the latter vary from 25 to 500 thalers. It was enacted that, after five years of existence, the bank should redeem annually, by lot, as many debentures as the reserve and sinking funds of each series should permit. The debentures redeemed or withdrawn from circulation are publicly burned.

Banque Hypothécaire de Haute Lusace.—It lends on real property as well in the towns as in the rural districts, in amounts not less than 100 thalers. It has adopted the compulsory sinking fund, and receives payments on account. The provincial States guarantee the debentures. The reserve fund cannot exceed ten per cent. Each year a statement of its affairs is presented. Any change in the ownership of a property hypothecated must be notified to the bank. Extracts from the books of the bank are considered as notarial acts. Deposits are received. There is no *tirage au sort*. The payment of the debentures cannot be enforced. The bank alone can enforce a redemption: 1st, if the rate of interest is to be lowered; 2nd, if the bank is about to enter into liquidation. The debentures are divided into series, according to the rate of interest, and into classes according to the amount; they carry interest coupons for ten years. They may be excluded from circulation, notwithstanding that they are payable to bearer. The bank cannot refuse a loan without good and sufficient reason. It delivers debentures to borrowers; in some cases it gives specie. The borrower must furnish, on making his application for a loan: 1st, a certificate as to his ability to convey; 2nd, a certificate as to incumbrances; 3rd, a certificate as to the payment of all contributions and taxes. Loans are made only on first mortgage, and to one half the value; the valuation is arrived at by multiplying the net revenue by 25. The smallest amount loaned is 100 thalers. The borrower is to make known any secret incumbrances, under penalty of fine or repayment of the whole sum.

The adoption of the *purge* would be infinitely better.

The borrower pays from one-fourth to one-half per cent., on receiving the debentures, to cover the expense incurred in issuing them. He pays, over and above the interest, one-third per cent to form a reserve fund. The rate of interest charged on arrears is five per cent. The borrower may make payments on account or by anticipation.

Hanover.—Hanover possesses a constitutional government. A king and two chambers; a council of state and six ministers (heads of a like number of departments). Rural property is divided into two categories: that of the nobles and that of the peasants. There are several *Crédit Foncier* institutions. That of Lunenburg is exclusively for the property of the nobles. It was in Hanover, in the year 1790, that the principle of the compulsory sinking fund was first introduced; a principle in every way indispensable to the well-working of the *Crédit Foncier*. *La Banque de Hanovre* is, like all the rest, an intermediate institution, to which loans are made, in order to enable it, thereupon, to make loans itself. It borrows at $3\frac{1}{2}$ per cent. on its obligations or bonds, either directly or through the medium of the banks. It lends on first mortgage an amount equal to one-half the value of a property, when the net revenue is at least 400 thalers. It avails itself of the *purge* in order to avoid the danger of being forestalled by other hypothecs. The annuity to be paid by the borrower is $4\frac{1}{2}$ per cent. It comprises: interest, $3\frac{1}{2}$ per cent.; sinking fund, $\frac{1}{2}$ per cent.; cost of management, $\frac{1}{2}$ per cent. After seven days' default, the debtor is liable to a seizure; and in addition to the cost, a fine of one *gros* for each thaler of the debt. The thaler is worth three francs and seventy-five centimes, French, and the *gros* fifteen centimes. No debentures are issued, payment being made in specie. The various *Crédit Foncier* institutions have rendered great service, by clearing off the feudal rights and dues. Their influence has been most effectual in promoting the development and improvement of agriculture.

Mecklenberg.—The *Crédit Foncier* issues debentures payable to bearer. It is an association of borrowing proprietors. They are all jointly and severally liable. It lends only one-half the value of an immoveable, and on first mortgage. The debentures cannot be for less than 25 nor more than 1000 thalers. The borrower's buildings must be insured. Defaulting debtors are subject to a fine of 2 per cent. After default, a notice is served upon the party in arrears; eight days thereafter, application is made to the judge, who, after an interval of three days, issues an order for an execution. If, from any cause whatsoever, the immoveable seized cannot be sold, the bank can sequesterate it. The bearer of debentures cannot enforce a redemption thereof before they fall due. The bank redeem a portion of these every six months, by lot. The numbers are made public. On entering the association the borrower must pay the cost of the deeds, and a charge of 12 schillings *per* 1000 thalers; $\frac{1}{2}$ per cent of the amount of the debentures before he receives them, and moreover, $\frac{1}{2}$ per cent of the amount of the said debentures half-yearly. The two latter sums are intended to cover expenses of management, redemption of outstanding debts, deficits, &c. If they do not suffice, the bank can increase them by special resolution; it can also diminish them. The sinking fund is $\frac{1}{2}$ per cent. Deposits are received.

Hamburg.—This town, one of the Hanseatic League, possesses a *caisse de crédit* having for its object, more especially, to promote the construction of houses and other buildings in the town. The members of the association are jointly and severally liable. It lends at long dates, with a compulsory sinking fund. There are three classes of persons interested: 1st, proprietors of lands situated within the town, who deposit their money in it as in a savings-bank; 2nd, proprietors whom the bank guarantees against actions, as far as two-thirds the value of the immoveable; 3rd, parties, not being proprietors, who deposit money in the bank. The bank issues deposit certificates bearing 3 per cent. interest, and $3\frac{1}{2}$ per cent. if they be over 500 marks banco; they are payable after six months' notice, and the interest is payable yearly.

Bremen and Lubeck.—These two Hanse-towns have *Crédit Foncier* institutions, established for the purpose of making loans on town property; they have special legislative provisions, but they present no features particularly applicable to agricultural institutions.

Denmark.—On the 20th June, 1850, a law was sanctioned organizing a *Crédit Foncier* Bank. The following is a summary of the law:

The Minister of the Interior may encourage the formation of associations of borrowing proprietors. The capital must be at least one million of rix dollars (the rix dollar is worth 60 cents). The debentures cannot be for less than 50 rix dollars, nor exceed the amount of the hypothecs. Loans are not to exceed two-thirds of the value of a property. The associates are jointly and severally liable. The sinking fund is compulsory. The debentures

tures are exempt from stamp duty. The postage expenses are reduced. The bank has great privileges, and prompt and ample means of enforcing payment.

The Electorate of Hesse.—In 1832 this government founded a *Crédit Foncier Bank*, under the supervision: 1st, of the Ministers of the Interior and Finance; 2nd, of the States' Assembly, which appoints one of the three directors. It borrows at a rate which must not exceed 8½ per cent., and then lends to the borrowing proprietors.

The State guarantees all the obligations of the bank. The bank lends, on first mortgage, not less than 100 thalers. The rate of interest is 4½ per cent. if the sum be repayable within twelve months. Other loans are made at 4½ and 5 per cent.,—four per cent. being for interest, and the remainder as a sinking-fund. The borrower can pay up, in whole or in part, after three months' notice: or by paying 2 per cent. for the three ensuing months if he has not given notice. In 1848, the bank had lent over 17 millions of thalers. The debentures have always ranked above par. In 1849 they fell a little. The bank never had occasion to claim assistance from the State.

"There is but one opinion," says Mr. Josseau, "as to the beneficial effects of this bank, which has been tested by an experience of eighteen years. It has completely accomplished its object. It has cleared off the incumbrances on land, lowered the rate of interest, rendered the conditions attaching to loans less onerous. Enjoying ample credit, it has passed through periods of crisis without suffering any excessive loss, and it has acted as a great national savings bank."

The form of government is constitutional. The Prince Elector and two chambers; the State administration consists of a Council of Ministers.

Hesse Darmstadt.—The form of government is constitutional. The Grand Duke and two chambers, a council of State and five ministers. The *Crédit Foncier* of this duchy, established under the name of *établissement de rentes*, extends its operations to Rhenish Hesse. It lends 500 florins or over, on first and even on second mortgage, on property of double the value. It confers the benefit of life insurance, and serves as a tontine. The annuities to be paid by the borrower vary from 6 to 30 per cent. at his option, according to the period of the sinking fund; the interest is 4½ per cent.; in case of delay the borrower pays 5 per cent interest, and after a month's delay, the bank can require payment of the whole debt, as also if the property should diminish in value one-fifth or more.

Duchy of Nassau.—The government is constitutional. A *crédit foncier* bank was founded in 1850, under the guarantee and initiative of the government. It issues debentures varying from 100 to 1000 florins. The sinking fund is obligatory. The debentures redeemed twice a year, by lot. It lends on security of double the value. Interest, 4 per cent; sinking fund at least one per cent. It is under the surveillance of the Minister of State; it has a director and two councillors. In recovering its claims it enjoys the same privileges as the government. Its capital stock is three and a half millions of florins. The house of Rothschild furnished six-sevenths of that sum, on debentures, at 3½ per cent interest, redeemable in annual portions, determined by lot. The bank enjoys ample privileges for the collection of its claims. It also discounts for merchants, with security or otherwise. It makes loans to the *communes*: for mining purposes, the redemption of the *dimes*, &c. It is authorized to issue paper money to the extent of one million of florins.

Switzerland.—There is a *Crédit Foncier* institution at Berne, founded in 1840; in consequence of its excessive liberality towards borrowers, it has been compelled to restrict its operations.

There is another in the canton of *Bâle Campagne*, founded in 1849 by the agricultural society. It lends on first mortgage, to the extent of one-half the value. The interest paid by the borrower is 4½ per cent, together with a sinking fund rate varying from ½ to 5½ per cent. It recovers its claims through the ordinary courts, a course which, without in any way benefitting the debtor, is for the bank a source of delay and serious inconvenience.

Belgium.—*La caisse des propriétaires.*—This bank, formed by capitalists, in 1835, is established at Brussels. Its capital stock is 3 millions of francs, in shares of 500 francs. The management is entrusted to five directors, who elect the President yearly, and twenty commissioners. There is a special Board devoted solely to ascertaining the validity of mortgages, and matters pertaining thereto. There are two advocates attached to it. It lends for periods of from 5 to 50 years. It issues debentures with interest coupons, each month, to the amount of its operations. It borrows at 4 per cent interest, which is paid

yearly to the holders of debentures. A borrower may pay off his indebtedness, in whole or in part, at any time. It redeems by *tirage au sort*, with or without a premium. It lends to the extent of three-fourths of the value of a property, on first mortgage, taking into account the moral character and solvency of the borrower. It receives deposits. The rate of interest on arrears is 6 per cent. Contestations are settled by the amicable intervention of arbitrators named by the parties.

Caisse Hypothécaire.—This institution is the rival of the *Caisse des Propriétaires*. An association of capitalists. Nominal capital stock, 12 millions of francs. Shares of 1000 francs. It lends at 4 per cent, and a charge of 1 per cent commission. It differs from the *Caisse des Propriétaires* in that it gives no premium at the redemption; that it makes a charge of one franc on the transfer of each share; that its shares are all nominative. It has a *tontine* or *caisse de survivance*. It enforces a sinking fund of double the amount necessary for the liquidation of the debt in a given period; the surplus is refunded to the borrower a year after the payment of the last annuity, when he receives a sum equal to the amount of his loan.

But inasmuch as these two associations (having no provisions for loans on mortgage) did not meet the wants of the nation, the Belgian government proposed the introduction of a *Crédit Foncier* institution, modelled on that of Galicia, the best probably of all those existing in Germany. That of which the principle of association between borrowing proprietors forms the basis. Its object is to facilitate loans on mortgage and to effect the liberation of the parties indebted. The bank issues debentures; lends on first mortgage, to the amount of one-half the value of lands under cultivation, and one-fourth the value of houses and standing timber, the *minimum* for loans being 500 francs. When, on application of the borrower, the bank pays a prior creditor, it is subrogated *plen jure*. If a creditor, after notification, does not claim his money, the bank makes a judicial deposit of the amount, after the lapse of ten days. The debentures—payable to particular persons, or to bearer—are issued in slips (*coupures*) of 100, 200, 500, and 1000 francs. They bear 4 per cent interest. The redemption lasts 42 years. At the end of 42 years the borrower is entitled to his share of the profits if any there be; and he is bound to contribute towards losses by continuing the payment of his annuity for a further term of three years. It avails itself of the *tirage au sort*, by means of which it redeems its debentures twice a year. Borrowers can acquit themselves in whole or in part, on payment of half the annuity, or six months' interest. The interest on arrears is 5 per cent. The King appoints the five ministers who compose the council of administration. The bank can expropriate in case of arrears or of the depreciation of an immoveable, unless the debtor offers, in the latter case, a supplementary mortgage.

ARBITRATORS.

Many *Crédit Foncier* institutions refer to arbitration, any contestation arising between themselves and the borrowers, or other parties. This is a right which, in many cases, seems to conciliate the parties and to diminish costs.

ANTICIPATION—INDEMNITY.

In all *Crédit Foncier* institutions, the borrower, who pays by means of a sinking-fund, has the right of acquitting himself by anticipation, in whole or in part, in consideration of a certain indemnity. This indemnity serves to cover any loss of interest and cost of management incurred by these institutions, during periods when they may be unable to invest the monies accruing from such anticipatory payments. Payments on account must not be for too small an amount.

The indemnity varies in different countries.

In *France*, it was fixed at 3 per cent. at first, then at 2 per cent, and finally at 1½ per cent.

In *Wurtemberg*, the borrower who wishes to acquit himself by anticipation, pays an indemnity of 10 per cent.

In *Austria-Galicia*,—the borrower who pays by anticipation, is obliged to pay an indemnity amounting to six months' interest, for each supplementary payment made. Payments on account may be made in debentures, but the interest must be paid in cash.

In Hanover.—The *Crédit Foncier* of Lumsburg requires the borrower, who wishes to acquit himself by anticipation, to pay an indemnity of 2 per cent, if he pays up previous to the sixth year, and only $\frac{1}{4}$ th per cent. from the sixth to the sixteenth year.

In Belgium.—*La caisse des propriétaires* charges, by way of indemnity, 3 per cent on the capital lent, or a discount at the rate of $4\frac{1}{2}$ per cent. per annum, on the annuities unexpired, when the borrower acquits himself by anticipation, either in whole or in part.

La caisse hypothécaire charges, in case of anticipatory payment by the borrower, an indemnity fixed by agreement and specified in the instrument creating the loan. Payments on account must not be too small.

ADMISSION.

In associations of capitalists, admission is effected by taking shares in the stock of the institution.

In associations of borrowers, membership is optional so long as the proprietor does not borrow; but it becomes obligatory by the mere fact of his obtaining a loan. The immoveable mortgaged to the institution confers the right to form part of the association; when the proprietor sells, he transfers his rights to the purchaser. There are certain formalities to be followed in the alienations of properties mortgaged to the *Crédit Foncier*, with a view to the protection of its rights. In East Prussia—an exceptional case—any proprietor of an immoveable is of right a member of the association, whether he has borrowed or not.

SOLIDARITY.

In Russia, all members of the *Crédit Foncier* association, called *Crédit Système*, are jointly and severally responsible for the interest and capital of the debentures, for three-fourths of the value of the properties mortgaged.

In Mecklenburg, the members of the *Crédit Foncier* are jointly and severally liable for the payment of the debentures.

In Hamburg the members of the *Crédit Foncier* are jointly and severally liable for the debts of the *Crédit Foncier*.

This solidarity which exists in several *Crédit Foncier* institutions, formed by borrowing proprietors, in Germany, has been adopted in order to give increased confidence to lenders, and to promote the circulation of the debentures; and also to stimulate among the members mutual supervision, thereby ensuring a more reliable valuation of property.

This solidarity does not exist in associations of capitalists, who, generally speaking, are only liable to the amount of their subscriptions.

CAPITAL STOCK.

The capital of the *Crédit Foncier*, subscribed by capitalists holding shares, is usually very small in proportion to the extent of its intended operations. In fact a *Crédit Foncier* institution is no more than a simple bank when it operates with its joint stock capital, and it becomes an intermedial institution between the lender and the borrower so soon as it issues debentures, in order to procure the necessary funds which its subscribed capital alone could never furnish. And, in fact, the capital stock is often employed solely in discounting, and as a reserve.

In France, the capital stock is only 60 millions of francs, and in the course of a single year (1861) the loans amounted to over 179 millions.

The borrowers' associations have, generally speaking, no funds but the State grants and the capital produced by the sale of their debentures; and this is sufficient.

OBJECTIONS.

"Many objections have been put forward against these institutions," says M. Josseau. "It is stated, first, that they give proprietors too great a facility for contracting debts. Thus, proprietors have been known to devote the sums borrowed to extravagant expenditure, to imprudent speculation, or to inconsiderate investments.

"It is true that these abuses have existed, more especially at first, but modern legislation has applied a powerful remedy by borrowing from the science of finance a happy com-

bination. This combination consists in imposing upon the borrower, in addition to the payment of yearly interest, a gradual extinction of the loan. The sinking fund undoubtedly increases the annual payments, and may sometimes embarrass an involved proprietor; but this drawback disappears on considering the advantages presented by the combination. In fact, on the one hand, it serves to increase the confidence of capitalists, and by that very means causes a reduction of the rate of interest in behalf of the debtor. On the other hand, it makes the proprietor reflect before applying for a loan, it induces him to devote himself more seriously to the improvement of his position. It tempers the spirit of enterprise with the spirit of economy; it meets the inconveniences resulting from the facility of obtaining loans, by the facility of the reduction.

"Another imperfection laid to the account of these institutions is, that they limit their action to large proprietors, and that the middle classes and small proprietors are excluded from deriving any benefit from them. In fact nearly all the Prussian institutions were created for the benefit of the seigniorial estates. This peculiarity was the result of the spirit of the age in which they took their rise. It was considered that periods of crisis presented greater difficulties for the great proprietor than for the small farmer, from the simple fact that the latter finds in the work of his own hands, a resource which the former does not possess. On the other hand, the number and parcelling out of properties must have rendered the work of the association more difficult, particularly at its commencement.

"These reasons were considered conclusive at the origin of these associations, and the more remote the date at which these institutions were created, the more strongly are they marked with an exclusive and aristocratic character. But the democratic laws relative to the redemption of feudal rights and dues, have introduced new principles in the history of these institutions. Thus it is that it has been, almost everywhere, sought to bring the *caisse de crédit* within the reach of the middle and smaller classes of proprietors. The Wurtemberg association, for instance, admits proprietors who can furnish a mortgage of the value of 1,000 florins (2,140 fr.), on condition that the *commune* to which they belong shall guarantee the interest. *La Banque rurale* of West Prussia admits peasant lands of the value of 500 thalers (1,875 francs); that of Pomerania, lands belonging to nobles of double that value (3,750 francs.) The debentures of these two associations have always commanded a better price than those of the other *banques de crédit*.

"This is not all: new laws have now been enacted, new measures have been proposed, reducing or tending to reduce still further the *minimum* fixed for the value of properties upon which loans may be made by *crédit foncier* institutions. These institutions will, therefore, henceforward be enabled to extend their benefits to small farms.

"Lastly, it is made a subject of reproach against these institutions, that they have the inevitable effect of consolidating and enlarging agricultural estates, by perpetuating, for the benefit of the aristocracy, the holding of large properties. It is solely with that object, say a certain party in Germany, that they are fostered by Governments.

"This is not the place to determine how far this accusation may be based upon truth; but any person acquainted with the state of agriculture, under the system of subdivision *ad infinitum* which obtains in certain parts of Germany, will find nothing alarming, in that objection, in so far as France is concerned. It would rather be a matter of congratulation to find in the credit institution a means of restraining a tendency so prejudicial to the improvement of the soil. Now that the agricultural classes are praying for the enactment of a law to arrest that tendency, the attaining of their object, as the natural effect of *institutions de crédit*, cannot be rightly set down as an objection to the introduction into our country of this institution."

The following are the remarks made by the Belgian Minister of Finance, in 1850, when presenting to the Chamber of Deputies his *Crédit Foncier* measure:

"Those who object to the better organization of the credit system, on the ground of the absence of a taste for agricultural improvements, and the extreme love of possession prevailing among small holders, have also asserted that the credit system followed in Germany has not by any means been wholly beneficial in its results. According to these parties, if on the one hand it has lowered the rate of interest, it has often furnished proprietors with the means of going into debt, and ruining themselves. It is important to remark, gentlemen, that two phases of the credit institutions of Germany are here confounded. The evils referred to, exhibited themselves during the first period, and, according to the

testimony of men who have made these institutions a matter of close study, they were due, not to the credit system, but to the absence of a sinking fund, to the power of compelling the borrower to pay up in full, and to the obligation of redeeming on the demand of the lenders, all three being incompatible with a good *Crédit Foncier* system."

Some persons think that loans to small proprietors will be difficult to realize, and will result in losses. If the *Crédit Foncier* has taken care to lend to none but respectable and industrious parties, it will have nothing to fear; for as M. Josseau repeatedly says, what constitutes the solidity of a loan is not so much the importance of the immoveable to which it attaches, as the proportion between the value of the immoveable and the amount of the sum lent.

In the Report of the Commission appointed by the *Assemblée Nationale Législative* in France, in 1851, the following occurs:

"Numerous objections have been made, more particularly in the enquiry conducted by the Council of State, to the fundamental principle of the project. We shall enumerate and discuss them as rapidly as possible.

"*First objection.*—The enormity of the debt which weighs upon immoveable property is not a sufficient ground for the introduction of innovations in the system of landed credit. In fact the very magnitude of the debt may be deemed a proof of credit, and consequently of prosperity. It may easily be answered that, no doubt the magnitude of loans is a proof of the abundance of capital and of the prosperous position of lenders; but in order to demonstrate, at the same time, the prosperity of borrowing proprietors, it must be shown that the loans have, in general, been made at a moderate rate of interest, and proportioned to the amount of income. Now, the very contrary is known to be the fact; and how is it possible to assert that matters are in a prosperous state, when stipulations which the law condemns as usurious, have become the ordinary rule in loan transactions?

"*Second objection.*—Landed Credit already exists, and, in point of fact, proprietors of immoveables find money at as cheap a rate as merchants, who often pay in discount or in interest from 7 to 8 per cent, inclusive of commission.

"To this objection, there are two replies: that good commercial signatures, and the State (by means of the public stocks) unquestionably find capital at a more favorable rate than proprietors of immovables; that it would not be sufficient for a party borrowing on a good mortgage to be placed upon the same footing: 1st, because the profit derived from real property being very small, the rate of interest to be defrayed out of such profits must, of necessity, be more nearly proportioned to the revenue; 2nd, because the mortgage security is undoubtedly the best of all, as well in itself, as in the opinion of lending capitalists. A solvent proprietor of unincumbered property should, therefore, be enabled, under like circumstances, to secure loans at a lower rate of interest than a merchant of the highest standing, or the State itself. This is what occurs in Germany, and it may be inferred that the same would occur in France, if matters with us were in a really normal condition.

"*Third objection.*—Property in France has greatly suffered and is still suffering from the general want of confidence, the fall in provisions, and the universal depreciation of securities which have resulted from the revolution of February. Hence an excessive cry for reforms tending to affect landed credit, which may have its dangers and which it is necessary to distrust. In this state of the facts and of the public mind, the authors of the objections see an argument against the expediency of undertaking any reform at present; if that reform be really useful and necessary, it should, in their opinion, be undertaken at a period of less excitement.

"It may be stated at the outset, that this objection, based upon the present straightened position of proprietors, is somewhat inconsistent with the preceding one, which supposes them to enjoy as good a credit as any other class of borrowers; and let us hasten to add that it is, to say the least, strange that the gravity of the evil should be made the ground for refusing even to look about for a remedy. Our own opinion is, that it is precisely because property is now suffering more, perhaps, than it has suffered at any other period, that the public authorities are called upon, as a matter of bounden duty and of common prudence, to seek a practical and effectual means of coming to its relief. We trust, for the sake of the authorities themselves and of France, that in the inquiry they will have the courage and wisdom to avoid an unreflecting enthusiasm as well as an over-cautious pusillanimity, both alike unsuited to the present time. We exhort them, in fine, to

pay no attention to those pliant arguments as to expediency, in behalf of which at one moment the general prosperity is invoked to show that all reform is useless, and at another the difficulty of the times, to prove that reform would be useless and dangerous.

"We conclude as to this point, by recalling the fact that Germany, which we may fearlessly quote, since we seek to imitate its example, adopted the course which we would follow, not in prosperous times, but in periods of embarrassment, such as we are now passing through. Who does not know that it was in 1763, in the midst of the all but universal ruin under which the Silesian proprietors lay exhausted, after the seven years' war, that Frederick the Great founded, for their benefit, the landed credit institution. Other institutions of the kind date from 1803, from 1811, from 1818, that is to say, from the periods when the German States were more than ever exhausted by wars and the evils which they entail. Let us do as they have done while it is yet time, and let us not wait until the evil has become irremediable before seeking a remedy.

"Fourth objection.—It may, it has also been stated, be dangerous to give proprietors of immovables too great facilities for obtaining credit, thereby tempting them to borrow unnecessarily moneys which would, in too many instances, be squandered or lost.

"To this objection it may be answered: 1st, that if fully carried into effect, it would have the absurd result of rendering legislation systematically hostile to all credit on the security of immovables; that there is no intention whatever of giving proprietors the means of borrowing without limit, and that the law must, on the contrary, impose wise and prudent restrictions as to the power of lending on mortgage, to be conferred on the institutions it is intended to create; that these institutions, whether as lenders or acting as a medium for loans, must necessarily have a discretionary power analogous to that exercised by the Bank of France when it consents or refuses to discount commercial papers, and that they shall in no way be prevented from taking into account the moral character of the borrower, the manner in which he managed his property, quite as much as the soundness of the material security offered for the safety of the operation.

Fifth objection.—The *Crédit Foncier* is an utter impossibility in the present state of legislation in France.

This objection would be unanswerable no doubt, if it were proposed to establish landed credit institutions without amending the laws relative to the creation of mortgages and the transfer thereof, legal hypothecs, expropriation, priority, &c.: but important modifications have already been submitted to you in that respect in the law respecting *la réforme hypothécaire*, and the bill which we submit will, if adopted, have the effect not only of completing all guarantees that can be necessary for institutions of the kind, but of enabling them to operate in perfect security without awaiting the enforcement of the law respecting *la réforme hypothécaire*, and altogether independently of that law. The objection, which has so much weight, if we leave out of sight the proposed modifications of the present law, is therefore fully met thereby.

Sixth objection.—If credit institutions have succeeded in Germany, Poland, &c., it is because property there is concentrated, and because small loans are never made. According to one of the witnesses in the enquiry of the Council of State, the smallest amount lent, in Germany, is 4,200 francs, an amount, in his opinion, by far too large for a country in which property is so greatly subdivided as it is in France.

To this objection we shall answer, that no doubt *crédit immobilier* institutions had for their sole object to assist great proprietors, and to preserve, more especially, feudal estates in the families of the nobility, and thus it was that the minimum amount fixed for loans, through the medium of these first institutions, was very high; but that was in no sense an essential characteristic of these institutions, the true principle of which is sufficiently enforced, provided there be an exact and safe proportion between the value of the security and the amount borrowed. And in fact *crédit immobilier* institutions were established in course of time, in countries where property is subdivided quite as much as in France, such as the Grand Duchy of Baden, the Grand Duchy of Posen, &c. They are now being established in Belgium, under circumstances strongly analogous to those by which we are surrounded. So far is it from being an essential principle of these institutions to confine themselves to large loans on the security of extensive estates, that various governments, amongst others that of Russia, have founded landed credit banks for the special purpose of

furnishing agricultural vassals with the means of enfranchising themselves by redemption from the burthen of feudal dues and servitudes.

In addition to the objections above enumerated to the introduction of the *Crédit Foncier* system, an infinity of others were put forward, which were, in every instance, victoriously refuted by the greatest and the strongest of all arguments: facts and experience.

Some persons object to the length of time occupied in the redemption, and say: "What! you want our lands to remain under mortgage for half a century; you want us to leave the extinction of our debt to the care of the generation which is to succeed us! This would be tying a weight about the necks of two generations. No person will be willing to have his property mortgaged for so long a period. Why does not the *Crédit Foncier* make its loans to farmers for one year, for instance, with the right of renewal each year, if he cannot pay?" This objection, like all the rest, is more specious than solid; the remedy which is proposed would, without doing any good, be a cause of embarrassment and of serious inconvenience to the bank.

The bank, in order to obtain capital, is obliged to negotiate debentures to an amount equal to that of the obligations, and payable at the same period as the obligations themselves. Inasmuch as the bank has no other resources for the payment of its debentures than its mortgage securities, what would be the result, if at the period when the debentures fell due, which would also be the time for the expiration of the bonds of the borrowers, the latter should be unable to meet their payments? And the payments would be all the more difficult for the farmer that they would consist not simply of the Sinking Fund but of the capital itself. Borrowers invariably deceive themselves as to their means of payment, and in the majority of cases it turns out that when the day arrives they are unable to meet their engagements. I do not speak of those who have exceptional means of procuring money, but more particularly of farmers who borrow pretty large amounts, and who have no other resources but the produce of their farms. Besides the serious and perhaps fatal embarrassment which a default in payment would cause to the bank, it would entail upon the borrower himself, the cost of a renewal, of registration, of additional deeds, besides an increase of work and consequently an increase of books and employes on the part of the bank. And all this without giving a single advantage to the borrower, which he would not enjoy under a loan at a long date with power of acquitting himself at will, in whole or in part.

For instance, by borrowing at the longest date, 50 years, he pays a much smaller annuity, his annual payments are more easily met, and the bank, which has issued its debentures payable at the same time that the bonds of the borrower fall due, can have no grounds for uneasiness, because at that date it will have received, by means of the annual sinking-fund, the repayment of the capital due, in order to enable it to meet its debentures. If the borrower should at any time be enabled to pay by anticipation, the whole or part of the amount borrowed, the anticipation can in no way impede the operations of the bank. Having the money in hand, the bank can lend it without issuing fresh debentures, making the terms of the fresh loan such that it will fall due at the same period as the debentures left in circulation, and of which the amount has been paid by anticipation.

To object to the length of time for which loans are made, is not more reasonable than to object to the making of loans at all. Because time is given merely in order to give the farmer greater facility for clearing off his debt; the length of time is only nominal, and a simple matter of form, since the borrower can at any time at his option acquit himself by anticipation in whole or in part. Is not the *constitut* embodied in our legislation as well as in our usages? And who will assert that a loan *à constitut* is not more favorable to the borrower than an ordinary loan? So much so that borrowers often prefer to pay a higher rate of interest in order to borrow on *constitut*, than to borrow otherwise. Does not a purchaser prefer to purchase a property charged with a *constitut* and to take it upon himself, retaining the principal, than to pay the whole of the purchase money? Well, what is the long-date loan of the *crédit foncier* but a *constitut* loan; but a *constitut* which extinguishes itself without payment of the principal? And this it is that renders it superior to the *constitut* itself.

A party who is in no need of borrowing may object to the length of time for which a property may remain under mortgage, and in fact to all loans, whether on mortgage or otherwise; but a person in need does not reason thus. He must borrow, in order to escape

ruin, usury, seizure. It is for him that resources must be found, easy loans suited to his means of repayment. Another objection, which many persons make, is, that merchants will no longer sell on credit to farmers once they mortgage their lands to the *Crédit Foncier*. In the first place it may be answered that merchants do not object to give credit to persons who are not property holders; in the second place, that if it were really true, that merchants would no longer give credit to farmers, it would be no loss whatever, but, on the contrary, a great benefit to farmers and to their families. It would be a powerful means of preventing the love of display and extravagance which has penetrated into our rural districts, and which is to so great an extent the cause of the distress now witnessed.

RESERVE FUND.

Notwithstanding that the nature of the operations of *Crédit Foncier* banks places them, for the most part, beyond the reach of the catastrophes that occur in financial institutions based upon personal security alone, prudence must, nevertheless, show them the necessity of a reserve fund, sufficient to guarantee them against all losses and contingencies that may arise. In cases of misfortune they may sometimes be compelled to refrain from pressing an unlucky debtor; delays may occur in recovering annuities, or else in the negotiation of the debentures; the reserve may be a matter of absolute necessity, in some cases, though the institution may but very seldom be obliged to have recourse to it.

LOANS AT SHORT DATES.

As the reserve fund should not remain unproductive, the *Crédit Foncier* might apply it to loans at short dates, to be effected upon unexceptionable guarantees, and repayable in full at the end of three months; this is done by the *Crédit Foncier de France* and some others. These three months' loans might also be renewed every three months, if the affairs of the bank permit. But it must be borne in mind that operations of this kind, for a *Crédit Foncier* bank, constitute an exception to the nature of its transactions and must be conducted with the utmost caution. Prudence cannot fail to suggest this to the directors of the institution. In no case whatever should there be devoted to operations of this kind any moneys but the reserve fund and a portion only of the deposits, in order to avoid the possibility of embarrassment. The *Crédit Foncier de France* is authorized, under its statutes, to use no more than one half of its deposits for loans at 90 days.

Peculiar system of the city of Bremen.—I cannot conclude this work without referring to a species of mobilization of real property practiced in Germany, and which I borrow from the documents arranged by M. Josseau:

"The free city and Hanse-town of Bremen," says M. Josseau, "has a population of 72,820 inhabitants. Its government is similar to that of Hamburg; it consists of a senate and an assembly of burgesses. The administration is conducted by four burgomasters, appointed by the senate for four years, and two *syndics* who may take part in the discussions.

"The mortgage system which obtains in the city of Bremen presents, in the manner in which it is applied, certain peculiarities worth describing.

"The system covers movable and immovable property.

"The merchant, the proprietor of movables, sells the same on credit, and receives in return, drafts on the purchaser. These drafts, which are often endorsed in blank, are the ordinary mode of payment in commercial transactions. They are exchanged, one for another, are renewed when due, and thus constitute a more active and more advantageous mechanism than the plan of simply paying for merchandise at the end of a fixed period, with interest, which is often practised elsewhere.

"The proprietor of immovables is entitled to receive from a committee of magistrates appointed *ad hoc*, *titres* representing, in whole or in part, the value of such immovables, and charged thereupon. Such *titres* or mortgage-bonds are sold daily in the same way as bills of exchange. They contain a statement of the amount which they represent, and of any hypothec having priority over the latter. The issue of *titres* sometimes exceeds the value of the immovable (the latter being occasionally liable to the depreciation resulting from a sudden fall), and they are therefore received with more or less confidence in proportion to the value of the guarantee.

"By means of this system mortgages have been rendered negotiable.

"Thus the two-fold advantage has been secured, of increasing the facility of credit, thereby lowering the rate of interest on money, and of raising the price of immovables. The number of purchasers has increased, in consequence of the increased facility with which property is made available for the purposes of credit and circulation.

"The drawback attending this system is, that it has the effect of diminishing the stability of immovable securities. This species of mobilization of property is less dangerous in commercial cities, where the object is to give increased activity to commercial transactions; but it could not be applied in the same proportion and with the same facility to the rural districts. Under this system every species of property is an article of commerce. Habit and experience must have moderated any tendency to over haste, excessive facility in the system; but rural property requires other guarantees besides the habits of a commercial exchange."

SUMMARY.

We might sum up in two words all that is admirable and valuable in the *crédit foncier*: The *lettre de gage*—The sinking fund.

In fact the *lettre de gage* is the capital of the *Crédit Foncier*; ever at hand, ever sufficient; never unproductive, because it is never created but at the moment of need.

The sinking-fund is the farmer's reliance, his sheet-anchor; it is his savings' bank in which he deposits each year a portion of his debt; that fraction, which is hardly perceptible by him, in the course of a few years, by means of the rapid progress of compound interest, makes up the capital he had borrowed.

The sinking-fund is the safety of the *Crédit Foncier*; because, inasmuch as it is never compelled to demand from its debtor an amount beyond his means, it runs no risk of having its claims compromised; and besides, the amount of the latter is rapidly reduced each year.

With its debentures once admitted to public favor, and loans on mortgage with a sinking-fund, any *Crédit Foncier* institution may proudly look forward to relieving the agricultural class, and to the improvement of agriculture in the country into which it shall have been introduced. It is a noble mission, and one, nevertheless, which is not imaginary, since, wherever the system has been adopted, these very results have been attained.

G. B. DEBOUCHERVILLE.

POSTSCRIPT.

In concluding this work on the *Crédit Foncier*, I must claim the indulgence of the reader for the manner in which I have treated the subject and classified the matter, as well as for having introduced questions neither strictly nor intimately connected with the study of these institutions, and algebraic formula with tables. I confess that the formula and tables consumed a great deal of my time, which I might have devoted to a more thorough revision of the work itself. Many persons will think that the tables and formula might have been omitted, more especially since the work has been annexed to the report of the committee appointed by the Legislative Assembly "to enquire as to the expediency of establishing a system of landed credit in Lower Canada." As my intention in undertaking the work was to make it a species of manual, instructive, useful, practical, and adapted for reference, I was naturally reluctant to omit matter which had cost me so much labor and perseverance, and which I had the weakness to consider of some utility and calculated to please. However, I would have done so had it been the wish of the committee. I thank them for having permitted the existence, however ephemeral it may prove, of that portion of my humble contribution towards the elucidation of a subject so fraught with interest for the country.

Before concluding, I cannot refrain from expressing my regret on one point, namely: that public opinion should be opposed to the creation of a landed credit institution for Lower Canada, based upon the principle of those now existing, and operating with so much success in Germany; I mean those which are formed by borrowing-proprietors of

the agricultural class, and which are exclusively and entirely devoted to the profit and advantage of the borrowing farmers themselves. Capitalists are not to be pitied; it was not for their benefit that I wished to establish the *Crédit Foncier*. It is not my fault if they are destined, as shareholders, to realize other profits than would strictly suffice to induce them to invest their capital in an institution which ought to be created solely in the interest of the agricultural class. Public opinion has decided otherwise. If the capitalists have succeeded, they certainly owe me no thanks. I have done and will do all in my power to promote the interests of borrowers, taking into account the interests of capitalists only so far as to insure them the most undoubted security and the repayment, with the utmost exactness and punctuality, of the interest and capital of any monies they may deem it advisable to invest in the *Crédit Foncier*.

G. B. de B.

OFFICIAL DOCUMENTS.

22nd February, 1852.

Décret respecting Societies of Crédit Foncier.

LOUIS NAPOLEON, President of the French Republic, &c.

TITLE I.

OF SOCIETIES OF CRÉDIT FONCIER.

Art. 1.—Societies of *Crédit Foncier*, having for their object the furnishing to proprietors of real property, who shall be desirous of borrowing upon hypothec, an opportunity of clearing themselves by means of annuities extended over a long term, may be authorised by *décret* of the President, with the consent of the Council of State.

They then enjoy the rights and are subject to the regulations fixed by the *décret*.

Art. 2.—The authorization is granted either to societies of borrowers or to societies of lenders.

Art. 3.—The societies are confined to territorial limits, which shall be fixed by the *décret* of authorization.

Art. 4.—Societies of *Crédit Foncier* have the right of issuing bonds or debentures.

Art. 5.—To facilitate the first operations of the societies, the State and the Departments may acquire a certain quantity of these debentures.

The law of finance shall fix, each year, the maximum of the sums which the public treasury may appropriate for this purpose.

The distribution thereof shall be made by the *décret* of authorization of each society. The same *décret* shall fix, moreover, the share which shall be assigned to the society, of the fund of ten millions appropriated for the establishment of institutions of *Crédit Foncier* by Article 7 of the *décret* of the 22nd January.

TITLE II

OF LOANS MADE BY SOCIETIES OF CRÉDIT FONCIER.

Art. 6.—Societies of *Crédit Foncier* may lend upon the first hypothec only.* Loans by means of which all prior creditors are to be repaid principal and interest, are considered as made upon the first hypothec.

In this case the society retains in its possession an amount sufficient to effect such repayment.

Art. 7.—The loan may not, in any case, exceed one-half the value of the property ; the minimum of the loan shall be fixed by statute.

Art. 8.—No loan can be realized until after the accomplishment of the formalities prescribed by Title IV. of this *décret*, for the purgation of : 1st, Legal hypothecs, except in the case of subrogation by the wife to such hypothec ; ** 2nd. *Actions résolutoires ou rescisoires*, and unregistered privileges. †

If registration is effected during the delay caused by the *purge*, the conditional deed of loan is void and of no effect.

* This provision has been modified by Article 3 of the Law of 10th June, 1853, in cases where the real property is charged with hypothecs of guarantee against eviction or *rentes viagères*.

** The *purge* was made optional by Article 3, of the Law of the 10th June, 1853. (See p. 18.)

† *Actions résolutoires ou rescisoires* and unregistered privileges can no longer be purged, since Article 24 of this *décret* was repealed by Article 8 of the Law of the 10th June, 1853. (See p. 19.)

Art. 9.—When the legal hypothec is registered, the loan cannot be realized until after *main levée* has been given, either by the unmarried woman in respect of her portion or by the *subrogé* tutor of the minor or interdicted person in virtue of the resolution of a meeting of relations and friends.

Art. 10.—The borrower pays his debt by annuities. He has at all times the right to clear himself by anticipation, either in whole or in part.

The annuity necessarily includes :

1st. The interest agreed upon, which must not exceed 5 per cent ;

2nd. The sum to be applied to the sinking-fund, which must not be more than 2 per cent nor less than 1 per cent on the amount of the loan.†

3rd. The cost of management as well as the taxes fixed by law.

Art. 12.—In case of non-payment of the annuities, the society, independently of the right appertaining to every creditor, may proceed by execution in the manner fixed by title 4 of this *décret*.

TITLE III.

OF BONDS ISSUED BY SOCIETIES OF CRÉDIT FONCIER.

Art. 13.—The bonds or debentures of societies of *Crédit Foncier* are to order or to bearer.

Bonds to order are transmissible by endorsement without any guarantee except that resulting from Article 1693 of the Code Napoleon.

Art. 14.—The value of the debentures must not exceed the amount of the loans.

They are issued only after having been authenticated by a notary, and registered.

The *visa* is given gratuitously by the notary with whom is deposited the memorandum of the deed of loan.

Mention is made in the memorandum of the number and amount of the debentures authenticated.

The debentures must be registered at the same time as the deed of loan.*

The registration of the debentures is effected at the fixed rate of ten centimes.

Art. 15.—No debenture shall be issued for a less amount than 100 francs.

Art. 16.—The debentures bear interest.

In the course of each year their repayment is proceeded with, in proportion to the receipts to be applicable to their redemption.

Art. 17.—The holders of debentures have no other action for the recovery of the capital but such as they may bring directly against the society.

Art. 18.—No opposition to the payment of the capital and interest is allowed, except in the case of loss of the debenture.†

TITLE IV.

OF THE PRIVILEGES GRANTED TO SOCIETIES OF CRÉDIT FONCIER FOR THE SECURITY AND RECOVERY OF THE LOAN.

CHAPTER I.

OF THE PURGATION—(LAW OF 10TH JUNE, 1853.)

Art. 19.—For the purgation of known legal hypothecs, the signification of an extract from the deed creating the hypothec in favor of the society of *Crédit Foncier* must be made :

To the wife and the husband ;

To the tutor and the *subrogé* tutor of the minor or interdicted person ;

To the emancipated minor and his curator ;

† This provision has been modified by the *décret* of 28th March, 1851 (see p. 11).

* The provisions of paragraphs 2, 3, 4, and 5 of Article 14 are repealed (see the *décret* of 6th July, 1854, Art. 1, p. 20.)

† See the law of the 8th Nivose, year vi, article 4 : " In future no opposition will be received in relation to the reserved third of the public debt registered, or to be registered." See also the law of the 22nd Floreal, year vii, article 7.

To all unregistered creditors holding legal hypothecs.

Art. 20.—The extract from the deed creating the hypothec contains, under penalty of nullity, the date of the contract, the Christian and surnames, the profession and domicile of the borrower; the designation of the situation of the property, as well as a statement of the amount of the loan.

It contains, moreover, a notification that, to preserve, as regards the Society of *Crédit Foncier*, the rank of their legal hypothec, it is necessary to have it registered within fifteen days from the signification, allowing the usual delays for distance.

Art. 21.—The signification must be made to the wife in person, if the borrower is her husband.

However, the signification may be made at the domicile of the wife, if she, under whatever conditions the marriage may have been contracted, was present at the contracting of the loan, and if she has received from the notary the notification that, to enable it to retain, as regards the Society of *Crédit Foncier*, the rank of her legal hypothec, she is bound to have it registered within fifteen days from the signification, allowing the usual delays for distance.

The deed of loan must make mention of the notification, under penalty of nullity of the purgation as respects the wife.

Art. 22.—If the wife was not present at the contracting of the loan, or has not received the notification of the notary, and if the signification has been made only at the domicile, the formalities necessary for the purgation of unknown legal hypothecs must also be complied with.

Art. 23.—If the borrower is, at the time of contracting the loan, the tutor of a minor or of an interdicted person, the signification is made to the *subrogé* tutor and to the justice of the peace of the place where the *tutelle* was opened.

Within the fifteen days next after such signification, the justice of the peace convenes the meeting of relations and friends in the presence of the *subrogé* tutor.

The meeting deliberates on the question, whether the registration is to be effected. If it is decided in the affirmative, the hypothec is registered by the *subrogé* tutor on his responsibility, by the relations or friends of the minor, or by the justice of the peace, within the fifteen days next after the deliberation.

Art. 24.—For the purgation of unknown legal hypothecs, the extract from the deed creating the hypothec must be notified to the *Procureur Impérial* at the Court of the *arrondissement* in which the borrower resides, and to the *Procureur Impérial* at the Court of the *arrondissement* in which the real property is situated.

Such extract, together with mention of the significations made, must be inserted in one of the journals used for the publication of the judicial advertisements of the *arrondissement* in which the real property is situated.

The registration must be effected within the forty days next after such insertion.

Art. 25.—The purgation is effected by failure to register within the delay fixed by the preceding Articles.

It confers on the Society of *Crédit Foncier* priority over the legal hypothecs.

Such purgation confers no benefit on third parties, who remain subject to the formalities prescribed by Articles 2193, 2194, 2195, of the Code Napoleon.

CHAPTER II.

OF THE RIGHTS AND MEANS OF EXECUTION OF THE SOCIETY AGAINST BORROWERS.

Art. 26.—The Judges cannot grant any delay for the payment of the annuities.

Art. 27.—Such payment cannot be stopped by any opposition.

Art. 28.—Annuities not paid when due, bear interest in full.

The Society may, moreover, proceed to the sequestration and the sale of the property hypothecated, in the manner and under the conditions prescribed by the following Articles:—

SEC. I.—OF SEQUESTRATION.

Art. 29.—In case of delay on the part of the debtor, the Society may, in virtue of an order granted on petition by the President of the Civil Court *de première instance*,

and fifteen days after a *mise en demeure*, take possession of the real property hypothecated, at the cost and risk of the debtor in delay.

Art. 30.—During the continuance of the sequestration the Society collects, notwithstanding any opposition or seizure, the amount of the revenue or crops, and applies it by privilege to the payment of the annuities in arrear and the costs.

This privilege ranks immediately after those which are attached to costs incurred for the preservation of the property, to the expenses of ploughing and sowing, and to the rights of the public treasury for the recovery of the tax.

Art. 31.—In case of contestation in respect of the sequestration, the matter is decided upon by the Court in a summary manner.

SEC. II.—OF EXPROPRIATION AND SALE.

Art. 32.—In the same case of non-payment of an annuity, and every time that, in consequence of deterioration of the real property, or for any other reason indicated by the statutes, the principal has become exigible, the sale of the real property may be proceeded to.

If there is contestation, it is decided by the Court of the place in which the real property is situated, in a summary manner.

There is no appeal from the judgment.

Art. 33.—To effect the sale of the real property hypothecated, the Society of *Crédit Foncier* causes to be served on the debtor an order in the form prescribed by Art. 673 of the Code of Civil Procedure. Such order is registered at the Registry Office of the place in which the real property is situated.

In default of payment within the fifteen days next following, six insertions are made within the six weeks following the registration of the said order, in one of the journals indicated by articles 12 of the Code of Commerce,* and placards are posted up at two separate times at an interval of fifteen days.

The placards shall be posted up :

In the Audience Chamber of the Court of the place in which the sale is to be effected.

At the door of the office of the Mayor of the place in which the property is situated, and on the property when it consists of a building.

The first posting is announced within the eight days following to the debtor and the registered creditors, at the domicile selected by them in the registration, with a summons to take communication of the roll of charges.

Fifteen days after the accomplishment of these formalities, the sale is proceeded to by auction in the presence of the debtor, or after he has been duly called, before the Court of the place in which the property or the greater part of the property is situated.

The Court, however, on petition presented by the Society before the first insertion, may order that the sale shall take place either before another Court or at the office of a notary of the *canton* or *arrondissement* in which the property is situated. There is no appeal from this judgment. Opposition can only be made thereto within three days after the signification thereof, which must be made to the debtor.

Art. 34.—From the day of the registration of the order the debtor cannot alienate the hypothecated real property to the detriment of the society, nor charge it with any real incumbrance.

Art. 35.—The order, the copies of the journal containing the insertions, the *procès-verbaux* of the posting up of the placards, the summons to take communication of the roll of charges and to be present at the sale, are attached to the *procès-verbal* of adjudication.

Art. 36.—The allegations and observations must be entered upon the roll of charges at least eight days before that fixed for the sale. They contain appointment of an attorney at whose office domicile is elected, the whole under penalty of nullity.

The contestation is brought before the Court by pleadings between attorneys. The Court decides summarily and finally, without its being possible for any delay of adjudication to result therefrom.

Art. 37.—If, at the time of the registration of the order, there exists a previous seizure effected at the instance of another creditor, the Society of *Crédit Foncier* may, as far

* The number of these insertions has been reduced to three. The interval between each insertion must be at least ten days, Law of 10th June, article 6.

as the depositing of the list of bids (*cahier d'enchères*), and after a simple notification to the prosecuting attorney, proceed to the sale in the manner indicated in the preceding articles.

If the registration of the order is not required by the society until after the depositing of the list of bids, the society has then only the right to cause itself to be subrogated in the suit of the seizing creditor, in conformity with Article 772 of the Code of Civil Procedure.

No postponement of the adjudication is granted, if it is opposed by the society.

Art. 38.—Within eight days after the sale, the purchaser is bound to pay into the treasury of the society, as a provisional payment, the amount of annuities due.

After the delays of *surenchère*, the balance of the purchase money must be paid into the said treasury, until it reaches the amount due thereto, notwithstanding any opposition, contestations and registrations of the creditors of the borrower, saving however their action *en répétition*, if the society had been unduly paid to their prejudice.*

Art. 39.—If the sale is effected by lots, or there are several purchasers not co-interested, each of them is only bound, even by hypothec, towards the society, up to the amount of his price.

Art. 40.—The *surenchère* is conducted in conformity with the 708th and following articles of the Code of Civil Procedure.

In the case of sale before a notary, it must be done at the office of the clerk of the Court of the *arrondissement* in which the adjudication has been pronounced.

Art. 41.—When *folle enchère* occurs, it is proceeded upon in the manner indicated by articles 33, 34, 35, 36 and 37 of the *décret*.

Art. 42. All the rights enumerated in this chapter may be exercised against *tiers détenteurs* after notification of the order made to the debtor.

The prosecution commenced against the debtor is validly continued against him until the third parties to whom he has alienated the hypothecated real property, have made themselves known to the society. In this case the prosecution is continued against the *tiers détenteurs* throughout the latter proceedings, fifteen days after the *mise en demeure*.†

TITLE V.

GENERAL PROVISIONS.

Art. 43.—Societies of *Crédit Foncier* are placed under the supervision of the Minister of the Interior, Agriculture and Commerce, and of the Minister of Finance.‡

The choice of the directors is subject to the approval of the Minister of the Interior, Agriculture and Commerce.||

Art. 44.—Societies of *Crédit Foncier* are forbidden to enter upon any operations other than those prescribed by this *décret*.

Art. 45.—They are permitted to deposit their unemployed funds in the public treasury on conditions fixed by the Government.

Art. 46.—The funds of persons incapable of managing their affairs and of *communes* may be applied to the purchase of debentures.

The same is the case with the disposable capital belonging to institutions of a public character, or of public utility, in all cases where these institutions are authorized to convert their capital into State *rentes*.

Art. 47.—The registration of hypothecs effected for the benefit of societies of *Crédit Foncier* is exempted, during the whole duration of the loan, from the decennial renewal prescribed by article 2154 of the Civil Code.

* These provisions are made applicable to every purchaser, either on voluntary alienation, or by *saisie immobilière*, by article 7 of the law of 16th June.

† Societies of *Crédit Foncier* may use their rights and these means of execution against the borrower, even for the recovery of sums which they have paid to a registered creditor in order to be subrogated to his hypothec. L. of 10th June, 1853, art. 6.

‡ See the *décret* of 26 June, 1854, which places the *Crédit Foncier* in the province of the Minister of Finance.

|| The affairs of the *Crédit Foncier de France* are now managed by a Governor with whom are associated two sub-Governors. These functionaries are appointed by the Emperor. *Décret* of 6th July, 1854, Art. 1, 2, 3 and 4.

Art. 48.—The statutes approved in conformity with the provisions of the 1st article¹ indicate principally :

- 1st. The manner in which the valuation of the property shall be proceeded with.
- 2nd. The description of property which cannot be received as hypothecary security, and the minimum of loan which may be made on each description of property.
- 3rd. The maximum of loans which may be made to the same borrower.
- 4th. The rates for the calculation of annuities.
- 5th. The manner and conditions of anticipatory repayment.
- 6th. The interval to be fixed between the payment of the annuities by the borrowers and the payment of interest on the capital by the society.
- 7th. The manner of issuing and repurchasing, and the manner of repaying debentures, with or without premiums, as well as the manner of annulling the repaid debentures.
- 8th. The constitution of a guarantee fund or of a reserve fund.
- 9th. Cases in which the society shall be dissolved, as well as the manner and conditions of the dissolution.
- 10th. The security and other guarantees to be required of the directors, managers and employés of the society, as well as the manner of their appointment.

Art. 49.—A *règlement* of the public administration* specially determines :

- 1st. The manner in which the supervision of the management and accounts is exercised.
- 2nd. The periodical publication to be made of the statements of affairs and the corporate operations.
- 3rd. The special tariff of fees payable to public officers called upon to take part in the various proceedings to which the establishment of societies of *Crédit Foncier* may give rise.

Art. 50.—The Minister of the Interior, Agriculture and Commerce, and the Minister of Finance, are charged, each in so far as he is concerned, with the execution of this *décret*.

22nd March, 1852.

Décret respecting the Duration of the Annuities.

LOUIS NAPOLEON, President of the French Republic, &c.,

In view of the *décret* of 28th February, 1852 ;

Whereas it may be expedient, in order to facilitate the constitution of societies of *Crédit Foncier* not to subject the borrowers to the absolute provisions of § 2 of article 11 of the above *décret*.

On the report, &c.

Decrees :

Art. 1.—The Government shall fix, for each society of *Crédit Foncier*, the extreme limits of the duration of the annuities by means of which the extinction of the debt is to be effected. ||

Art. 2.—The Minister of the Interior, of Agriculture and of Commerce is charged with the execution of this *décret*.

* A *règlement* was made under date of 13th October, 1852, but it was repealed as regards the greater part of its provisions by the *décret* of 6th July, 1854, which organized the *crédit foncier de France* on a new basis.

|| This duration is now fixed at ten years at the least, and sixty years at the most. (Statutes of 31st August, 1859, l.) The Society of *Crédit Foncier* is, moreover, authorized to make loans on short terms, with or without sinking-fund. (Same Statutes ; Arts. 1 and 51)

28th March, 1852.

Décret respecting the Constitution of the Banque Foncière de Paris.

LOUIS NAPOLEON, President of the French Republic, &c.,

In view of the *décret* of 28th February, 1852, respecting societies of *Crédit Foncier* ;

In view of the application which has been made to him ;

Decrees :

Art. 1.—Messieurs

François Bartholony ;
 Drouyn de Lhuys, vice-président du Sénat ;
 Léon Faucher, ancien ministre ;
 Comte Xavier Branicki, propriétaire ;
 Prince Sapieha, propriétaire ;
 Adolphe d'Eichthal, membre de la Commission municipale de Paris ;
 Benoist d'Azy, ancien représentant ;
 Duc de Mouchy, député ;
 Comte Hervé de Kergorlay, député ;
 Emile Persire, directeur du chemin de fer de Saint-Germain ;
 Thibault, ancien notaire ;
 Baron Charles de Ladoucette, sénateur ;
 Comte de Gasparin, ancien pair de France, ancien ministre ;
 Paccard, Dufour et Compagnie, banquiers ;
 A. de Waru, banquier ;
 Comte de Plancy, député ;
 Achille Fould, sénateur ;
 Hippolyte Passy, ancien ministre ;
 Darblay aîné, ancien député ;
 Darblay jeune, député ;
 Léopold Javal, banquier ;
 Comte de Chappedelaine, propriétaire ;
 Hély d'Oissel, ancien conseiller d'Etat ;
 Cotellet, ancien député ;
 Léonce de Lavergne, professeur à l'Institut agronomique de Versailles ;
 Comte de Brosses, propriétaire ;
 Général comte Dunin Wonsowicz ;
 Charles Rhoné, propriétaire ;
 De Rainneville, ancien député ;
 Adolphe Dailly, maître de poste de Paris ;
 Wolowski, ancien représentant,

are authorized to constitute a Society of *Crédit Foncier*, having for its object the furnishing to proprietors of real property, who are desirous of borrowing upon hypothec, the means of clearing themselves by annuities, the term of which shall be at least twenty years and shall not exceed fifty years.

Art. 2.—The corporate stock forming the guarantee is placed at twenty-five millions of francs, and is divided into fifty thousand shares of five hundred francs each.*

Twenty thousand shares must be subscribed to effect the definite constitution of the society.

The remaining fifteen millions shall be called for, upon the decision of the council of management, in proportion to the requirements of the society, in such manner as that the guarantee funds shall be maintained in the proportion of at least five millions, for each hundred millions of bonds issued.

The holders of the original shares shall have a right of preference, in proportion to the securities held by them, to subscribe at par for shares subsequently issued.

* This corporate stock was increased to sixty millions by article 2 of the agreement of 18th November, 1862, approved by the *décret* of 10th December following. That sum is to be realized in the manner indicated by that agreement.

The corporate stock cannot be increased beyond twenty-five millions, except with the consent of the Government, and upon the decision of a general meeting of the shareholders, which shall be composed of two hundred of the holders of the greatest number of shares.

Art. 3.—The society is authorized :

1. To lend to proprietors of real estate situated in the seven departments contained in the province of the court of appeal of Paris † (Seine, Seine et Oise, Seine-et-Loir, Aube, Marne and Yonne), sums repayable by the borrowers, by means of annuities comprising the interest and sinking fund, together with the costs and taxes.

These loans are made upon the conditions fixed by title II of the *décret* of 28th February, 1852.

In virtue of this *décret*, the operations of the company may, with the authorisation of the Minister of the Interior, Agriculture and Commerce, admit any other system having for its object the facilitating of loans on real property and the freeing of debtors.

2. To issue in conformity with the provisions of title III of the above cited *décret*, to a value equal to the hypothecary engagements subscribed by the proprietors of real property, *obligations foncières*, bearing annual interest and repayable by lottery with the privilege of attaching thereto prizes or premiums. ‡ The rate of the sinking fund must be fixed in such manner that the duration of the annuities shall be at least twenty, and at most fifty years ; || the maximum rate of interest remaining fixed at 5 per cent.

3. To negotiate the said *obligations foncières*.

Art. 4.—The anticipatory payments regulated by article 10 of the *décret* of 28th February last, shall be made in *obligations foncières* of the same nature as the shares issued in representation of the loan contracted.

Account shall be rendered, moreover, to the society of an indemnity, the maximum of which is fixed at 3 per cent on the capital repaid.

Art. 5.—In the conditions of the loan no more than sixty centimes per annum for each hundred francs may be stipulated for to defray the costs and taxes fixed by paragraph 3 of article II of the *décret* of 28th February last.

Art. 6.—No other authorisation of a society of *Crédit Foncier*, shall be granted for the province of the court of appeal of Paris, before the expiration of the term of twenty-five years from the date of the publication of this *décret*.

Art. 7.—No shares or negotiable scrip for shares shall be issued for the formation of the corporate stock forming the guarantee, until the society is regularly constituted as a *société anonyme*, in conformity with article 37 of the Code of Commerce.

Art. 8.—The by-laws of the society must be submitted for the approval of the Government within one month from the publication of the *décret*.

Art. 9.—In default of the society being definitely constituted within two months after the sanctioning of the by-laws, this *décret* shall be considered null and void.

Art. 10.—The Minister of the Interior, of Agriculture and of Commerce is charged with the execution of this *décret*.

8th July, 1852.

Extract from the law regulating the preparation of the general balance sheet of expenditure and receipts arising from transactions in 1853.

Art. 29.—The stamp duty fixed for the debentures of companies of *crédit foncier* at fifty centimes per thousand francs, in conformity with article 1 of the law of 5th June, 1850, may be collected by means of annual commutation, at the rate of two centimes per

† The privilege granted to the company has been extended to all the departments in which no society of *Crédit Foncier* existed (see the *décret* of 10th December, 1862), and to Algeria (*décret* of 11th January, 1860).

‡ According to the provisions of a *décret* of 21st December, 1853, the society of *Crédit Foncier* may not attach prizes to its loans without the sanction of the government.

|| See article 8 of the *décret* of the 6th July, 1854, and article 51 of the modified statutes.

thousand francs of the total amount of debentures in circulation, in the manner fixed by article 37 of the law of 6th June, 1850.*

10th December, 1852.

Décret respecting the privilege of the Crédit Foncier de France.

NAPOLÉON, &c.

Art. 1.—The agreement entered into on the 18th November, 1852, between our minister and secretary of State for the department of the interior, of agriculture and of commerce, and the *Banque Foncière de Paris*, which assumes, for the future, the title of the *CRÉDIT FONCIER DE FRANCE*, is approved.

Art. 2.—The privilege granted to this society by the *décret* of 28th March last is extended to all the departments in which no society of *Crédit Foncier* exists.

The company may, with the approval of the government, incorporate with it the societies of *Crédit Foncier* already established.

Art. 3.—In virtue of the *décret* of 27th March last, a grant of ten millions of francs is made to the society of the *Crédit Foncier de France*; the grant shall be paid in proportion to the importance of the loans effected.

Art. 4.—Before the 1st July, 1853, a branch shall be established in each district of the Imperial Court.

The establishment of the branch shall be previously submitted for the approval of our minister and secretary of State for the department of the interior, agriculture and commerce.

Art. 5.—Our minister and secretary of State for the department of the interior, agriculture and commerce, and our minister and secretary of State for the department of finance, are charged, each in so far as he is concerned, with the execution of this *décret*.

Extract from the agreement entered into between the minister of the interior, agriculture and commerce, and the Banque Foncière de Paris, society of Crédit Foncier.

Art. 1.—The privilege granted to the *Banque Foncière de Paris* by the *décret* of 28th March last, is extended to all the departments in which no society of *Crédit Foncier* exists.

The *Banque Foncière de Paris* takes the name of the *CRÉDIT FONCIER DE FRANCE*.

Art. 2.—The capital of the *Crédit Foncier de France* shall be increased to 60 millions of francs, of which 15 millions shall be immediately subscribed, in addition to the 10 millions already issued.

Five millions more may be issued by decision of the council of management within the course of one year, and the remainder when the transactions of the society shall have attained the amount of 600 millions, so that the amount of shares issued shall be maintained in the proportion of 5 millions to each 100 millions of securities.

Art. 3.—A grant is made by the government to the society of *Crédit Foncier de France*, in virtue of the *décret* of 27th March, 1852, of 10 millions of francs, which shall be paid in proportion to the importance of the loans effected, in conformity with the following article.†

* * * * *

*This law imposes a proportional stamp duty on the stock subscribed by financial and industrial companies, the transfer of which is not subject to the provisions of article 1690 of the Code Napoleon.

†It must be observed that the provisions of the estimate law of 23rd June, 1857, which subjects the cession of the shares of these same companies to a transfer duty, do not apply to the obligations foncières.

‡The other articles of this agreement have been repealed by *décrets* dated 21st December, 1853, and 6th July, 1854.

10th June, 1853.

Law modifying the décret of 28th February, 1852.

Art. 1.—Chapter 1 of title IV of the *décret* of 28th February, 1852, is modified as follows:

Art. 2.—The purgation made obligatory for societies of *crédit foncier* by Article 8 of the *décret* of 28th February, 1852, is henceforth facultative.

Art. 3.—If the real property is charged with registered hypothecs, entered into in consideration of guarantees against eviction, or in consideration of *rentes viagères*, the Society of *Crédit Foncier* may nevertheless loan, provided the amount of the loan, joined to the capital registered, does not exceed one-half the value of the real property, in conformity with Article 7 of the *décret* of 28th February, 1852.

Art. 4.—The hypothec entered into for the benefit of the Society of *Crédit Foncier* by the conditional deed of loan, ranks from the day of registration, although the value may be paid over at a later period.

Art. 5.—Societies of *Crédit Foncier* may use against the borrower the rights and modes of execution which are allowed them by the *décret* of 28th February, 1852, and also this law, even for the recovery of sums which they pay to a registered creditor, in order to be subrogated to his hypothec.

Art. 6.—The number of insertions required by Article 33 of the *décret* of 28th February, 1852, is reduced to three.

The interval of time between each insertion must be at least ten days.

Article 7.—The provisions of Article 38 of the same *décret* are applicable to every purchaser, either by voluntary alienation or by *saisie immobilière*.

Art. 8.—Article 24 of the *décret* of 28th February, 1852, is repealed.

6th July, 1854.

Décret respecting the new organization of the Crédit Foncier in France.

NAPOLÉON, &c.

In view of the *décrets* of 28th February, 28th March, 18th October, and 21st December, 1852, respecting Societies of *Crédit Foncier*;

In view of the *décrets* of 28th March and 10th December, 1852, and 21st December, 1853, which instituted the Society of the CRÉDIT FONCIER DE FRANCE.

In view of the *décrets* of the 30th July, 1853, and 22nd March, 1853, by which the by-laws of that society were approved;

In view of the proceeding, dated 26th June, 1854, of the Council of Management of the Society, acting in virtue of the powers delegated to it by a general meeting of the shareholders;

With the consent of our Council of State,

Have decreed and do decree as follows:—

TITLE I.

OF THE GENERAL MANAGEMENT OF THE CRÉDIT FONCIER DE FRANCE.

Art. 1.—The affairs of the CRÉDIT FONCIER DE FRANCE are managed by a Governor.

The Governor appoints and dismisses the agents; he presides over the Council of Management and the general meeting of the shareholders; he sanctions the debentures; no proceeding can be executed unless it is approved by him and authenticated by his signature.

Art. 2.—Two Sub-Governors perform the functions delegated to them by the Governor, and, in the order of their appointment, perform the duties of Governor, in case of vacancy, absence, or illness.

Art. 3.—The Governor and the two Sub-Governors are appointed by the Emperor.

Art. 4.—Before assuming office, the Governor must qualify in the amount of 200 shares of the *Crédit Foncier de France*, and each of the Sub-Governors in the amount of 100 shares.

Art. 5.—The Governor receives from the Society of the *Crédit Foncier de France* an annual salary of 40,000 francs; the two Sub-Governors receive a salary of 20,000 francs.

Art. 6.—Three members of the Council of Management are selected from among the *receveurs-généraux des finances*.

TITLE II.

OF THE CONDITIONS OF LOANS.

Art. 7.—The maxima fixed by the *décrets* of 10th December, 1852, and 21st December, 1853, respecting the rates of annuities to be paid by the borrowers, are suspended; the conditions of loans to be made by the Society are those prescribed by the *décrets* of 28th February and 28th March, 1852, respecting Societies of *Crédit Foncier*.

The rates of the costs of management shall be fixed at the time of the revision of the by-laws.

Art. 8.—Independently of loans repayable by annuities, the Society is authorised to devote to hypothecary loans, for short terms and without sinking-fund, the capital resulting from the realization of its capital stock and its profits.

TITLE III.

GENERAL PROVISIONS.

Art. 9.—Special *décrets* promulgated at the instance of the Council of Management, and in the form of *réglemens de l'administration publique*, order the establishment or suppression of branches the powers of which are fixed by the by-laws.

Art. 10.—The provisions of previous *décrets*, in so far as respects the society of the *Crédit Foncier de France*, contrary to this *décret*, are annulled.

Art. 11.—The by-laws of the *Crédit Foncier de France* shall be modified in accordance with the provisions of this *décret*.

Art. 12.—Our Minister of State, &c.

19TH JUNE, 1857.

Law respecting Advances on Deposit of Obligations Foncières by the Society of the Crédit Foncier de France.

Art. 1.—Articles 2074, 2075 and 2078 of the Code Napoleon are not applicable to advances on deposit of *obligations foncières*, which the Society of the *Crédit Foncier de France* is authorized to make by Article 2 of its by-laws.

Art. 2.—The privilege of the Society of *Crédit Foncier* on a bond given as security, results from the engagement subscribed by the borrower in the form prescribed by Articles 3 and 5 of the Royal Ordinance of 15th June, 1834, respecting advances made on public property by the *Banque de France*.

Art. 3.—In default of repayment on the day after the falling due, the Society of *Crédit Foncier* may, without any *mise en demeure* being necessary, through the agency of a broker, cause the sale of the security to be proceeded with, in conformity with the provisions of the same Article 5 of the above-cited ordinance.*

STATUTES.

31ST AUGUST, 1859.

Before Messire Philibert-Louis-Réné TURQUET and his colleague, undersigned notaries, at Paris.

Appeared:

M. Louis FRÉMY, Councillor of State on extraordinary service, officer of the Legion of Honor, Governor of the *Crédit Foncier de France*: a *société anonyme* duly sanctioned, the office of which is at Paris, rue Neuve-des-Capucines, 49; residing at the corporate office;

* The provisions of this law are applicable to deposits of *rentes* serving as a guarantee for advances made by the *Crédit Foncier*, in virtue of Articles 1 and 2 of the Law of 12th February, 1862.

M. Auguste-Rodolphe DARBLAY, senior, *ancien député*, officer of the Legion of Honor, residing at Paris, rue de Lille, No. 74 ;

And M. Louis WOŁOWSKI, member of the Institut, *ancien représentant*, officer of the Legion of Honor, residing at Paris, rue de la Victoire, No. 14 ;

The last two acting as members of the Council of Management of the *Crédit Foncier de France*.

The above-named persons, acting under the authority of a Resolution of the Council of Management of the *Crédit Foncier de France*, dated this day, the 31st August, and in conformity with the powers conferred upon the Council or its delegates by the general meeting of shareholders, in a Resolution dated the 27th April, 1859.

Extracts from the said Resolutions, delivered by M. Frémy in his said quality of Governor of the *Crédit Foncier de France*, on paper, bearing a stamp of 35c., not yet registered, but to be submitted to that formality with this document, have been hereto attached after mention of such attachment had been thereon endorsed by the undersigned notaries.

Who deposed and said as follows :—

In execution of a *décret* of 28th March, 1852, a *société anonyme* has been formed under the denomination of the *Banque Foncière de Paris*, having a capital of 25,000,000 francs, of which 10,000,000 were immediately subscribed.

This Society had the exclusive right, in the District of the Court of Paris, and for a term of twenty-five years after the homologation of the by-laws, to make hypothecary loans and to issue *obligations foncières*, or debentures, on conditions fixed by the *décret* of 28th February, 1852.

It could likewise, with the sanction of the Government, apply any other system having for its object to promote the liberation of borrowers upon hypothec.

The by-laws of this Society, to which the persons benefited by the *décret* of 28th March, 1852, gave the sanction which they were authorized to give, were approved by the *décret* of 30th July following.

On the 10th December in the same year, a new *décret* was promulgated, which, homologating an agreement entered into on the 18th November previous, between the Minister of the Interior and the representatives of the *Banque Foncière de Paris*, extended the privilege of this Society, under certain conditions, to all the Departments in which no Society of *Crédit Foncier* existed ; authorized it, under the control of the Government, to incorporate with it Societies already incorporated, and made to it a grant of 10,000,000 francs, which was to be paid in proportion to the importance of the loans effected.

In conformity with the same agreement, the Society took the name of the *Crédit Foncier de France* ; its capital stock was raised to 60,000,000 francs, divided into 120,000 shares of 500 francs each.

In the by-laws, modified in consequence of the Acts above set forth and approved by the *décret* of 22nd March, 1853, it was explained (Art. 9) that, besides the 20,000 shares already issued, 30,000 shares, amounting to 15,000,000, should be immediately subscribed ; that 10,000 shares more, amounting to 5,000,000, might be issued by decision of the Council of Management in the course of one year, and the remainder when the transactions of the Society should have attained a total of 600,000,000, in such way as that the amount of shares issued should be maintained in the proportion of 5,000,000 for each 100,000,000 of bonds.

Since that period the law of 10th June, 1853, and the *décret* of 21st December following, having rendered further modifications of the by-laws necessary, a draft containing these modifications and additional provisions was submitted to the general meeting of the shareholders, and adopted by it at its session of 29th December, 1853. By the same Resolution the meeting conferred on the Council of Management, or its delegates, the necessary powers to enable them to arrange any other modifications on which they might agree with the Government to introduce into those which had been adopted, the changes which might be required, and to sign the acts destined to authenticate the modifications definitely agreed upon.

In virtue of this order the Council of Management, by its resolution of 26th June, 1854, accepted the basis of the *décret* published on the 6th July, following, which contains the last modification made to the organization of the *Crédit Foncier de France*. This

décret was communicated to the general meeting. At its session of 5th August, 1854, the meeting approved the use which the Council had made of the powers conferred upon them on the 29th December, 1853, and continued to the Council or its delegates the same powers for the purpose of arranging with the government the modifications of the by-laws which would be rendered necessary by the application of the *décret* of 6th July, 1854. These modifications were confirmed by act received by the said M^{re}. Turguet, one of the undersigned notaries, on the 25th and 26th June, 1856, and approved by *décret* of the 28th of the same month.

In the accomplishment of this task the Council of Management had to impress upon themselves the pregnant consideration so well set forth by the Minister of Finance in the report which precedes that *décret*, an idea which coincided with that of His Majesty, and which has made of the *Crédit Foncier de France* a great institution, *the privilege of which includes the whole territory of the Empire, and imposes on it a double task: that of furnishing to agriculture the funds which it requires to improve its cultivation and increase its products, and of procuring for property charged with hypothecary debts a reduction of its burthen and the means of ultimate liberation.*

It was this same idea which inspired the agreement entered into on the 28th April, 1858, between their Excellencies the Minister of Finance and the Minister of the Interior, Agriculture and Commerce, and the Society of the *Crédit Foncier de France*, an agreement the object of which was to charge the *Crédit Foncier de France* with loans to be made for drainage, and which, after receiving the approval of the general meeting of shareholders, was confirmed by the law of 28th May, 1858.

Since then, further modifications voted by the general meeting of shareholders have been submitted for the approval of the government.

These modifications relate to the authorisation to make loans for short terms, even with sinking fund, in bonds and on the other conditions of loans for long terms; to the manner of applying the capital which the society is authorised to receive on deposit, and to the repeal of the provision which limits the maximum of the loans to one and the same borrower to one million.

These modifications having been approved by a *décret* of 16th August, 1859, the persons appearing have, in conformity with that *décret*, agreed as follows on the by-laws by which, for the future, the said society is to be governed.

TITLE I.

DENOMINATION OF THE SOCIETY—ITS OBJECT—ITS DURATION—ITS SEAT OF OPERATIONS

Art. 1.—The society assumes the name of the *Crédit Foncier de France*.

Its object is:

1. To lend upon hypothec, to proprietors of real property, sums repayable either in a long term by means of annuities, or in a short term, with or without sinking fund.

2. To create and negotiate *obligations foncières* or debentures to a value which must not exceed the total of the sums owing by its borrowers.*

* The *Crédit Foncier de France* is moreover authorised:

1. To make loans as set forth by Art. 1 of the law of 17th July, 1856, respecting drainage on the conditions fixed by that law, (L. 28th May, 1858, Art. 1).

2. To contract, with the Government guarantee, successive loans in the form of bonds, called *drainage bonds*, which may be issued even below par. (Agreement of 28th April, 1858, between the Minister of Finance and the Minister of the Interior, of Agriculture, of Commerce, and of Public Works, and the *Crédit Foncier de France*).

3. To lend, on the conditions fixed by the law of 6th July, 1860, to Departments, to *communes* and to trusts (*associations syndicales*), with or without hypothecary security, the sums which they shall have received authority to borrow. (L. 6th July, 1860, Art. 1).

4. To create and negotiate bonds in representation of these loans, conforming to the rules established by title 5 of these by-laws. (L. 6th July, 1860, Art. 5).

5. To lend, under similar conditions, to asylums and public institutions, and to make similar loans to duly authorised religious and benevolent institutions, and to all other institutions of acknowledged public utility, when such loans are contracted for the discharge of the balance (*soultte*) stipulated for on behalf of the Public Treasury, by the law of 12th February, 1862.

The *Crédit Foncier* is substituted for the *Comptoir d'Escompte* of Paris, for all transactions which

It may, with the sanction of the Government, apply any other system having for its object the facilitating of loans on real property, the improvement of the soil, the promotion of agriculture, and the extinction of the landed debt.

The society may treat with French or foreign insurance companies to favor the liberation of the borrower.

Art. 2.—The Society is authorized to receive capital on deposit, with or without interest.*

These sums may be employed to the extent of one half their amount, and for a term which shall not exceed 90 days, either in making, according to the conditions resolved upon by the council of management, advances on the bonds issued by the society or any other shares which would be received at the Bank of France as security for advances, or in the purchase of treasury bonds.

The entire surplus shall be paid into the public treasury, in account current, at rates of interest which shall be fixed by the Minister of Finance.

The sums which the society may so receive on deposit shall not exceed the total fixed by the Minister.

Art. 3.—The duration of the society is ninety-nine years from the 30th July, 1852. Its seat of operations and its domicile are established at Paris.†

TITLE II.

CORPORATE STOCK—SHARES—INSTALMENTS.

Art. 4.—The corporate stock is fixed at sixty millions of francs. It is devoted to the security of the corporate engagements and specially of the *obligations foncières* or debentures.

It is divided into 120,000 shares of 500 francs each.

60,000 are at present issued. †

The remaining 60,000 shall be issued in whole or in part on the decision of the council of management. †

The total amount of shares issued must be maintained in the proportion of at least one-twentieth of the bonds in circulation.

The new shares shall not be issued below par.

Art. 5.—The holders of shares previously issued have a right of preference, in proportion to the amount held by them, to subscribe at par for the shares to be issued.

Those of them who do not hold a sufficient number of shares to obtain at least one in the new issue, may unite to exercise their right.

The council of management fixes the time and form in which the benefit of the foregoing provisions may be claimed.

Art. 6.—The amount of the shares is payable at Paris, on terms which are fixed by the council of management.

the *Comptoir d'Escompte* has been authorised to carry on with the *Sous-Comptoir* of contractors by the *décrets* of 24th March and 4th July, 1848, and to that end enjoys the privileges and guarantees granted to the *Comptoir d'Escompte* by the *décrets* of the 24th March, 4th July, and 23rd August, 1848, and by the law of the 5th July, 1857, (L. 19th May, 1850, Art. 1 and 2.) In consequence, the *Crédit Foncier* is called upon, 1st, to furnish, within the limits fixed by the agreement made with the *Sous-Comptoir*, funds to the persons accredited by the *Sous-Comptoir*; 2nd, to receive as a guarantee deposit three-fourths of its realized corporate stock. (Agreement of the 19th March; *décret* of 4th June, 1860).

Lastly, the operations of the *Crédit Foncier de France* are extended to the territory of Algeria, in conformity with the *décret* of 11th January, 1860, and the provisions of this *décret*.

* In execution of this article the *Crédit Foncier de France* receives capital on deposit with interest. The deposit may be made either in coin, in coupons or arrears of *rentes* on the state, railway shares, and bonds, or any other securities negotiable at the Bourse and payable at Paris. The depositors receive at their own selection, a *bon* on the treasury to order or a bank book with a running account. The holders of accounts current dispose of the sums which stand to their credit, either by cheques or receipts payable to bearer, or else by orders of transfer (*bons de virement*) to other holders of bank books.

† The representatives of the *Crédit Foncier de France* in the departments are the *receveurs généraux et particuliers des finances*.

† The issue of the 60,000 shares which had been reserved was decided upon by the council of management on the 5th March, 1862. The proceeding, which is at present in course, of execution raises the number of shares issued to 120,000, the amount fixed by the by-laws.

After payment of one-half, a nominative title is delivered to the subscriber, bearing a consecutive number, and on which subsequent payments are registered.

The 50 per cent. remaining due on the shares issued is called in, in whole or in part, according to the requirements of the society, by advertisements inserted one month in advance in two of the Paris journals appointed to be used for the legal publication of the proceedings of the society.

Art. 7.—Any sum, the payment of which is delayed, bears interest in full in favor of the society at the rate of five per cent. per annum from the day of falling due, without suit.

Art. 8.—In default of payment at the time of falling due, the numbers of the shares in arrears are published in the journals designated in article 6. Fifteen days after such publication the society has the right to cause the sale of the shares to be proceeded with at the Paris Bourse, through the agency of a broker, on account of and at the risk of the person in arrear.

Such sale may be made in bulk or in detail, either on the same day or at successive periods, without *mise en demeure* or any judicial formality.

The provisional titles to the shares so sold become entirely null, and new titles, bearing the same numbers, are delivered to the purchaser.

Any title which does not bear regular mention of the instalments exigible ceases to be negotiable.

This condition is mentioned on the provisional titles.

The proceedings authorized by this article present no obstacle to a simultaneous exercise, by the society, of the ordinary process at law.

Art. 9.—The proceeds of the sale, after deduction made of the costs, belong to the society, and are applied, according to law, to what is due to it by the expropriated shareholder, who remains liable for the deficit, if any there be, but who profits by the excess, if any.

Art. 10.—The society may make its titles to shares either nominative, or to bearer.

These titles are extracts from a counterfoil register, numbered and authenticated by the signature of the Governor and of a manager.

They bear the stamp of the society.

Art. 11.—Nominative titles are negotiated by a transfer drawn up in duplicate, of which one is signed by the person ceding, and the other by the person receiving the title. These transfers are delivered to the society, and mention thereof is endorsed on the back of the title by the Governor. The society may require that the signature and capacity of the parties should be certified to by a broker, and, in such case, it is not responsible for the validity of the transfer. Titles to bearer are transferred by simple transmission.

Art. 12.—Any shareholder may deposit his titles in the corporate treasury, and demand in exchange a nominative receipt. The council of management fixes the conditions, the manner of delivery, the costs of the receipt and of the exchange of titles.

Art. 13.—Each share entitles the holder to a share in the property of the corporate assets and in the division of profits, proportioned to the number of shares issued. The dividends on each share, whether such share is nominative or to bearer, are legally paid to the holder of the title.

Art. 14.—The shareholders are only liable to the full amount of the capital of each share; beyond that all calls upon the stock are forbidden.

Art. 15.—Every share is indivisible; the society only recognizes one proprietor of each share.

Art. 16.—The rights and obligations attached to the share follow the title into whatever hands it passes. The possession of a share entails entire observance of the by-laws of the society and the decisions of the general assembly.

Art. 17.—The heirs or creditors of a shareholder may not, under any pretext whatever, demand the affixing of the seals to the property and goods of the society, require the division or litigation thereof, nor mix themselves up in any way with its management. They must, for the exercise of their rights, have recourse to the corporate inventories and the resolutions of the general assembly.

TITLE III.

DIRECTION AND MANAGEMENT OF THE SOCIETY.

SECTION I.—OF THE GOVERNOR AND SUB-GOVERNORS.

Art. 18.—In conformity with the *décret* of 6th July, 1854, the affairs of the society are managed by a governor. Two sub-governors perform the duties delegated to them by the governor and, in the order of their appointment those of the governor, in case of absence, vacancy, or illness.

Art. 19.—Before assuming office the governor must qualify in the amount of 200 shares of the *Crédit Foncier de France*, and each of the sub-governors in 100 shares. These shares remain, by privilege, as security for their management. They are inalienable during their continuance in office.

Art. 20.—The governor receives from the society an annual salary of 40,000 francs. The two sub-governors receive a salary of 20,000 francs.

Art. 21.—The governor appoints and dismisses agents, and provides for the organization of the duties at Paris and in the departments.

He signs the correspondence, recovers sums due to the society, signs all discharges, with or without *main levée*, endorsements and discharge of securities, orders on the treasury, the bank, the *caisse des consignations*, and all other *caisses* in which the moneys of the society are deposited.

He puts into execution all the resolutions set forth in article 34, and alone signs the acts which result therefrom.

He institutes all *actes conservatoires*, represents the society to third parties, and in all legal proceedings, either as plaintiff or defendant.

He signs the share titles, and authenticates the bonds or debentures.

Art. 22.—The governor may exercise all the powers which are delegated to him for one or more fixed purposes.

SEC. II.—OF THE COUNCIL OF MANAGEMENT.

Art. 23.—The council of management is composed of the governor, the sub-governors, the managers and the censors.

Art. 24.—The managers are twenty in number.

They are appointed at the general meeting of shareholders; three of them must be selected from among the *receveurs-généraux des finances*.

One-fifth of them are renewed each year. The outgoing members are selected by lot for the first four years, and subsequently by seniority.

They may always be re-elected.

Art. 25.—The managers who form part of the present council and who have been appointed, some by the original by-laws and by derogation from the preceding article, and others by the general assembly, in conformity with articles 24 and 25, are :

Messrs.

Banès, ancien directeur de la compagnie du chemin de fer d'Orléans ;

F. Bartholony, président de la compagnie du chemin de fer d'Orléans ;

Vicomte Benoist d'Azy, ancien représentant ;

Comte Xavier Branicki ;

Adolphe Dailly, maître de poste de Paris ;

Darblay aîné, ancien député ;

Dumas, sénateur, membre de l'Institut, ancien ministre de l'agriculture et du commerce ;

Firino, ancien receveur-général des Bouches-du-Rhône ;

Fontenillat, receveur-général de la Gironde, régent de la Banque de France ;

Hailig, ancien président de la chambre des notaires de Paris ;

Hély d'Oissel, ancien conseiller d'Etat ;

Latimier du Clesieux, receveur-général des Côtes-du-Nord ;

A. Magne, receveur-général du Loiret ;

Emile Percire, président de la compagnie des chemins de fer du Midi ;

Baron Pérignon, ancien conseiller d'Etat ;
 De Rainneville, ancien conseiller d'Etat ;
 Prince Sapieha ;
 Thibault, ancien notaire à Paris ;
 West, ancien président de la compagnie du chemin de fer de Strasbourg à Bâle ;
 Wolowski, ancien représentant, membre de l'Institut.

Art. 26.—In case of a vacancy occurring, the council may fill it provisionally.

The general assembly, at its first session, proceeds to the definite election.

The manager so appointed to replace another only remains in office during his predecessor's term of office.

Art. 27.—The renewal of the first Council shall only commence from the sixth corporate year. It shall then be effected in the manner indicated by Article 24.

Art. 28.—Each manager must, within eight days after his appointment, deposit in the treasury of the Society fifty shares, which shall remain inalienable during his continuance in office.

Art. 29.—The services of the managers are gratuitous ; they receive attendance certificates (*jetons de présence*), the value of which is fixed by the general meeting.

Art. 30.—The Governor presides over the Council. In case of an equality of votes, he gives the casting vote. The sub-governors take part in the meetings of the council and are entitled to vote.

Art. 31.—The council of management meets at the corporate seat of operations, as often as the interests of the society require, and at least twice a month.

Art. 32.—The names of the members present are entered at the commencement of the minutes of each meeting.

No resolution can be agreed to without the concurrence of at least nine voters.

No one may vote by proxy.

The council may, however, delegate the whole or a part of its powers to one or more of its members, by a special order, for specified purposes, or for a limited time.

Art. 33.—The proceedings are proved by minutes entered in a register kept at the office of the society, and signed by the governor and a manager.

Copies and extracts of these proceedings to be produced for judicial or other purposes, are certified by the governor.

Art. 34.—The council decides upon the affairs of the society, other than those exclusively reserved to the governor, especially upon all agreements, transactions, compromises, application of funds, transfers and State *rentes* or other assets, purchases of claims and other incorporeal rights belonging to its debtors, cessions of the same rights with or without guarantee, relinquishing of hypothecs, abandonment of all real and personal rights, *main levée* in opposition or hypothecary registrations without payment, and judicial actions, either as plaintiff or defendant.

It authorises the purchase, if need be, of real property on which to erect the society's office.

It further authorises the acquisition, by adjudication, of real property to ensure the recovery of the claims of the society.

If, however, the selling price exceeds ten thousand francs in amount, the society may not become the purchaser thereof for a sum exceeding by more than one-fourth the amount of its claim in principal, interest in arrear and accessory costs.

It authorises, lastly, the sale or exchange of the same property by private contract or by auction, provided, that in case of exchange, the difference to be paid by the company does not exceed the fourth of the value of the real property exchanged.

The council further decides upon the regulations for its intended management, the general conditions of contracts, the admission of applications for loans, the creation, issue, purchase and sale of the bonds of the society, the advances upon deposits of bonds or debentures, the loans to be effected with or without hypothec, the expenses of management, the agreements to be made with insurance companies to facilitate the liberation of debtors on any other system having the same object in the cases set forth in article 2 of these by-laws, and the establishment or suppression of branches or agencies in the departments.

It also decides on the annual accounts to be submitted to the general assembly, as well as the amount of the dividend ; and lastly, on the proposition to be made to that assembly

respecting the increase of the corporate stock, modifications of the by-laws, and, if need be, the anticipatory dissolution of the society.

No resolution can be carried out unless it is approved by the governor and bears his signature.

Art. 35.—The members of the council of management incur no personal responsibility in consequence of the performance of their duties. They only answer for the execution of their special functions.

SECTION III.—OF THE CENSORS.

Art. 36.—The censors are three in number; they are appointed by the general assembly.

Their duties extend over three years; they are renewed by one-third at a time; they are always eligible for re-election.

The members going out in the two first years are selected by lot.

In case of the death or resignation of one of the censors, his place is immediately filled provisionally by the censors remaining in office.

The provisions of articles 27, 28 and 29 of these by-laws are applicable to the censors in the same degree as to managers.

Art. 37.—The censors are charged to see to the strict execution of the by-laws.

They take part in the meetings and discussions of the council.

They superintend the preparation of the bonds and their issue.

They examine the inventories and annual accounts, and report their observations thereon to the general assembly whenever they see fit.

The books, accounts and all writings generally must be submitted to them whenever they require it.

They may, at any time whatever, inspect the condition of the cash and paper securities.

They have the right, when their decision to that effect is unanimous, to require an extraordinary convocation of the general assembly.

SECTION IV.—OF THE GENERAL ASSEMBLY.

Art. 38.—The general assembly, regularly constituted, represents the whole of the shareholders.

It is composed of the two hundred largest shareholders, the list of whom is determined by the council of management twenty days before the ordinary or extraordinary meeting of the assembly.

Shareholders entered on the registers of the society subsequent to the deposit of their shares in the corporate treasury, three months before the preparation of the list, may alone take part thereof.

The receipt in this case is delivered gratuitously.

In case of competition, for admission to the list, between two shareholders holding the same number of shares, the preference is given to the one longest registered.

The list of depositors and of the members called to form part of the assembly, are open to the inspection of all the shareholders who may choose to examine them; these lists show, opposite the name of each shareholder, the number of shares deposited by him.

On the day of the meeting the second of these lists is laid on the table.

Art. 39.—No one can be represented in the assembly by a proxy who is not a member thereof.

Art. 40.—The general assembly meet regularly every year, at the office of the society, in the course of the month of April.

It meets, moreover, extraordinarily whenever a resolution of the council, approved by the governor, recognizes the utility of such meeting.

Art. 41.—The convocation is made fifteen days before the meeting by a notice inserted in two of the Paris journals used for the publication of the proceedings of the society and, by letters addressed, under the governor's superintendence, to the shareholders entitled to be present at the assembly.

Art. 42.—The assembly is regularly constituted when the members present are forty in number and are holders of one-tenth of the shares issued.

Art. 43.—If this double condition is not fulfilled at the first convocation, a second shall be made at an interval of at least fifteen days.

In this case the interval between the convocation and the day of the meeting is reduced to ten days.

The members present at the second meeting proceed legally, whatever their number and the amount of their shares may be, but only upon business upon the orders of the day of the first meeting.

Art. 44.—The assembly is presided over by the governor.

The duties of scrutineers are performed by the two largest shareholders present, and, on their refusal to act, by those next in order on the list, and so on until the office is accepted.

Art. 45.—Resolutions are decided upon by the majority of the votes of the members present.

Each of them has one vote for every forty shares, but no person may have more than five in his own proper name, nor more than ten, both in his own proper name and as proxy.

Every member of the general assembly is entitled to one vote, even when the number of shares held by him does not amount to forty.

Art. 46.—The governor prepares the order of the day after having taken the advice of the council.

No other subject, except what is on the orders of the day, can be brought under consideration.

Art. 47.—The general assembly receives the report of the governor on the condition of the corporate affairs.

It also receives the observations, if any, of the censors.

It appoints the managers and censors whenever there is occasion for such appointment.

It decides, when the proposition is submitted to it, on the increase of the corporate stock, on the modifications to be made to the by-laws, on the prolongation or anticipation, dissolution of the society, and generally on all matters which have not been foreseen by the by-laws.

Art. 48.—The proceedings of the assembly, taken in conformity with the by-laws, are binding on all the shareholders, even if absent or dissentient.

Art. 49.—They are proved by minutes entered in a special register, and signed by a majority of the members composing the Board.

A list of those present, intended to show the number of members who took part at the assembly, and of their shares, remains attached to the minutes. It bears the same signature.

Art. 40.—Proof is made to third parties of the resolutions of the Assembly, by copies or extracts certified to be correct by the governor.

TITLE IV.

OF THE CONDITIONS OF LOANS.

Art. 51.—In conformity with article 1 of these by-laws, the society makes hypothecary loans of two kinds:

Some repayable in a long term by annuities regulated so as to extinguish the debt within ten years at least, and sixty years at most.

Others payable in a short term with or without sinking fund.

These loans may be made either in coin, or in *obligations foncières* or debentures.*

* At present the *Crédit Foncier* makes its loans for a long term in *obligations foncières* only.

The bonds placed at the disposal of the borrowers are of two kinds:

1st. Bonds for 500 francs at 4 per cent. interest, sharing each year in four drainage of lots, amounting together to 800,000 francs.

2nd. Bonds for 500 francs at 5 per cent. interest, without lots.

The borrower receives these bonds at par, which he then negotiates, either in person or through his agency of the management.

Art. 52.—The society lends to proprietors of real estate on the first hypothec only, except in the cases provided for in the by-laws, the laws and existing *décrets*.†

Loans, by means of which claims already registered are to be repaid, are considered as made upon the first hypothec, whenever by such repayment or by the subrogation effected to the profit of the society, its hypothec becomes first and incontestable.‡

In this case the society retains in its possession a sufficient amount to effect such repayment.

Art. 53.—When the society considers it necessary to fulfil the formalities of purgation, it is proceeded to in conformity with article 1 of the law of 10th June, 1853.||

Art. 54.—The following are not admitted to the benefit of loans from the society :

1. Theatres.

2. Mines and quarries.

3. Real property held jointly, unless the hypothec is charged on the whole of the property with the consent of all the co-proprietors.

4. Real property in which the usufruct and the bare property are not conjoined, unless with consent of all concerned to the creation of the hypothec.

Art. 55.—The society accepts as security only such property as possesses a lasting and certain revenue.

Art. 56.—The amount of the loan must not exceed one-half the value of the real property hypothecated.

It is moreover fixed at one-third of the value for vineyards, woods and other property the revenue of which results from plantations.

Factories and workshops are estimated only as to their value, independent of their industrial application.

Art. 57.—In any case the annuity, to pay which the proprietor binds himself, must not be greater than the whole revenue of the property.

Art. 58.—The rate of interest on the sums loaned is fixed by the council of management; it must not exceed the legal rate.

Art. 59.—The annuity is payable in coin.

It comprises :

1. The interest ;

2. The sinking fund fixed by the rate of interest and the duration of the loan ;

3. An annual allowance for commission and cost of management, which must not exceed 60 centimes per cent, except in virtue of an Imperial *décret* passed in Council of State and on the requisition of the council of management.

Art. 60.—The annuities are payable half-yearly at periods fixed by the council of Management.*

Art. 61.—In conformity with article 28 of the *décret* of 28th February, 1852, each half-yearly payment not made at the time of its falling due, bears its interest legally and without *mise en demeure* to the profit of the society, at the rate of 5 per cent. per annum.

The same is the case with the paid or taxed costs incurred by the society in order to recover their claims, and this from the day when they were advanced.

Art. 62.—Default in the payment of a half-yearly annuity, moreover, renders the whole of the debt exigible one month after the *mise en demeure*.

† If the real property is charged with registered hypothecs entered into as a guarantee against evictions or *rentes viagères*, the loan may be effected, provided that the amount of such loan, together with the principal registered, does not exceed the half or the third, as the case may be, of the value of such real property. (L. 10th, June 1853, art. 3.)

‡ The *Crédit Foncier* may employ against a borrower the privileges and means of execution assigned to it by the *décrets* of 28th February, 1852, and the law of the 10th June, 1853, even for the recovery of sums which it has repaid to a registered creditor, in order to be subrogated to his hypothec. (L. 10th June, 1853, Art. 4.)

|| This purgation, which was made, by article 8 of the *décret* of 28th February, 1852, an indispensable condition of the loan, was made entirely optional by the law of 10th June, 1853, Art. 2.

When the legal hypothec is registered, the loan can only be after *main-lévé* given either by the unmarried woman in respect of her portion or by the *subrogé* tutor of the minor or interdicted person in virtue of the resolution of a meeting of relations and friends. [*Décret* of 28th February, 1852, Art 9.]

* The periods for the payment of the annuities are the 31st January and the 31st July, of each year.

Art. 63.—The debtors have the right of freeing themselves by anticipation, in whole or in part.

Anticipatory repayments are made, at the choice of the debtors, either in coin or in obligations *foncières* or debentures belonging to the issue indicated by the deed of loan.

These bonds or debentures are received at par, whatever their current value may be.

Anticipatory repayments entail, to the profit of the society, an indemnity which must not exceed 3 per cent on the principal repaid by anticipation. †

The funds resulting from anticipatory repayments, made in coin, shall be employed either in redeeming or buying up obligations *foncières* or debentures, or in effecting new loans.

Art. 64.—The borrower is bound to notify the society within one month of any total or partial alienations he may have effected.

In default of such notice within such period, the society may require of him payment in full. It is entitled, however, to the indemnity fixed by the last paragraph but one of article 63.

Art. 65.—The borrower must also, under penalty of paying the same indemnity in case of exigibility, notify the society, within the period above stated, of any deteriorations to which the real property hypothecated may have been subjected, and of all circumstances of a nature either to diminish the value thereof or to disturb his possession, or to raise a question as to his right of ownership.

In default of notification, or in all cases if the above circumstances affect the interests of the society, it may, in conformity with article 32 of the *décret* of 28th February, 1852, demand repayment.

Art. 66.—The debt becomes likewise exigible, and the indemnity fixed by the last paragraph but one of article 63 accrues to the society, in case of concealment, on the part of the borrower, of any grounds of legal hypothecs, or cancellation or nullification which might independently encumber the property hypothecated to the society.

Art. 67.—Property liable to be destroyed by fire must be insured against burning, at the cost of the borrower, unless the society has for security for its claim, together with the property liable to be destroyed by fire, other property of double the value of the amount loaned, and which is not liable to be destroyed by fire.

The deed of loan contains transfer of the indemnity, in case of disaster.

The insurance must be maintained during the whole continuance of the loan.

The society may require the insurance to be made in its name, and the amount of the annual charges to be paid through its agency.

In this case, the amount of the annuities is increased in proportion.

Art. 68.—In case of disaster, possession of the indemnity is assumed directly by the society.

The debtor has the right, within one year from the settlement for the disaster, to replace the property in its former condition.

During that time the society retains the indemnity as security, up to the amount of its claims, calculated to the end of the year.

After the reconstruction of the real property, it returns the indemnity to the debtor, deducting what is exigible.

If, at the end of the year, the debtor has not availed himself of his right to reconstruct the burned property, and if before that period he has notified his intention not to avail himself of it, the indemnity is definitely acquired by the society, and is applied to the settlement of its claim as a payment made by anticipation.

Art. 69.—Anticipatory repayments, resulting from disasters, are not subject to the indemnity authorized by the last paragraph but one of Article 63.

If the society is of opinion that its securities are compromised, in consequence of the disaster, it may require the payment of what remains due to it.

Art. 70.—The estimation of the property offered as security is regulated by the titles, leases, and other information furnished by the proprietor who is applying for the loan.

The society has the right, moreover, to proceed to an estimation by experts.

† Notwithstanding article 63, this indemnity is fixed at 50 centimes per 100 francs or $\frac{1}{2}$ per cent on the principal repaid (L. 6th July, 1860, art. 6.)

In all cases, the estimation is made upon the double basis of the net revenue and the selling price.

Art. 71.—When the property is found to be regular and the security sufficient, the council of management fix the amount of the loan to be made, and the signature of the provisional contract is proceeded to.*

Art. 72.—After the delivery of the supplementary statement of registration, including that of the society, if there is no occasion for legal purgation, or after the accomplishment of the formalities of purgation, a deed establishes the nullification of the conditional contract† or its definite realization, according as a registration or legal claim, charged upon the real property hypothecated, has or has not been revealed.

In the first case, the deed may be signed by the governor only; it contains *main levée* of the registration effected for the benefit of the society.

In the second case, the deed is signed by the governor and the borrower; it sets forth the accomplishment of the formalities, the delivery of the assets forming the amount of the loan, and the time of the commencement of the interest.

Art. 73.—All expenses and disbursements entailed by the application for a loan are at the cost of the proprietor applying for such loan, even in case the loan is not effected.‡

TITLE V.

OF "OBLIGATIONS FONCIÈRES," OR DEBENTURES.

Art. 74.—The debentures (*obligations foncières*) created by the society are nominative or to bearer.||

* As it is important to ascertain positively, before paying over the funds, that no registration precedes that of the *Crédit Foncier*, the law requires, before the execution of the deed effecting the loan, the execution of a conditional contract, that is to say, an agreement of loan, subject to the result of the hypothecary formalities, and the purgation, should the latter be necessary.

This contract is only subject to a fixed duty of registration of 2 francs. The proportional duty is collected only at the time of effecting the loan.

† *Décret* of 28th February, 1852, Art. 4.

‡ These expenses comprise those entailed by the estimation of the security, and, if the loan is authorized, the costs of purgation, those of the deeds relating to the realization of the loan, and the costs of registration.

|| The bonds issued by the *Crédit Foncier de France* constitute the equivalent of its loans. They have for guarantee: 1st, the real property hypothecated, which always represents a value at least double that of the bonds in circulation; 2nd, the corporate stock of the company; 3rd, the reserve fund.

No opposition to the payment of the principal and interest of *obligations foncières* is allowed, except in case of loss of title. (*Décret* of 28th February, 1852, Art. 3.)

They may be used for the investment of the property of persons incapable of managing their own affairs, and of *communes*, as well as the disposable capital belonging to public institutions, in all cases in which such institutions are authorised to convert it into *State rentes*. (Same *decret* Art. 46.)

They are admitted to the benefit of advances on deposit, allowed by the Bank of France at Paris or its branches, (Law of June, 1856), and of those made by the *Crédit Foncier* itself.

They are exempt from the duty to which the shares and bonds of financial and industrial companies are subjected by the law of 25th June, 1857.

The registration of these debentures is effected at the fixed rate of ten centimes. Lastly, the stamp duty—to which they are subject in virtue of the law of 5th June June, 1858—has been reduced to an annual commutation duty of two centimes per 1000 francs. (Law of 8th July, 1852.)

Apart from the *obligations foncières*, the society is authorized to create bonds in representation of the loans made by it to the departments, *communes* and municipal associations, up to an equal amount, conforming to the rules established by Title V. of their by-laws.

These bonds enjoy all the rights attached to the *obligations foncières*, or debentures, by the laws and *décrets* respecting the *Crédit Foncier*. (Law of 6th July, 1860, Art. 5.)

The claims arising from loans to *communes*, departments and trusts (*associations syndicales*) are applied, by privilege, to the payment of the bonds created in representation of such loans. The claims arising from hypothecary loans are applied by privilege to the payment of the bonds created in representation of such loans. (Art. 6.)

The *Crédit Foncier* is moreover authorized, in order to enable it to provide for loans which it makes for drainage purposes, to contract successive loans, with the Government guarantee, in the form of bonds denominated "drainage bonds," which may even be issued below par. (Agreement of 28th April, 1858, between the Ministers of Finance, Agriculture, Commerce and Public Works, and the *Crédit Foncier de France*, approved by the *decret* of 27th September following.)

Art. 75.—The nominative debentures are transmissible either by endorsement, without any other guarantee than that which results from Article 1793 of the Code Napoleon, or in any other manner which may be fixed by the council of management.

The society is legally exonerated by payment made to a third holder. It is in no case responsible for the regularity of the endorsements.

Debentures to bearer are transmissible by simple transfer.

Art. 76.—The debentures must not exceed the amount for which the borrowers are bound.

Art. 77.—No debenture shall be issued for less than 100 francs.

Art. 78.—The holders of debentures have no other action for the recovery of the principal and interest due than that which they may exercise directly against the society.

Art. 79.—The debentures bear interest, the rate and the time and manner of payment of which are fixed by the council of management.

The interval between the payment of the annuities by the borrowers and the payment of interest to the holders of debentures is at least three months.

Whatever may be the form of the debenture, the interest is legally paid to the holder of the title.

Art. 80.—The debentures are represented by titles taken from a counterfoil register. These titles are signed by a manager, bear the stamp of the society, and are authenticated by the governor.

Art. 81.—The council of management may authorize the depositing and preserving of the titles in the corporate chest.

They are replaced, until retired, by a nominative certificate of deposit.

The council of management fixes the conditions, the manner of delivery, and the costs of certificates and of exchange of titles.

Art. 82.—The debentures are issued without any term being fixed at which the principal shall be exigible.

They are called in for repayment by lot.

Each repayment includes the number of debentures necessary to effect redemption to such an extent that the debentures remaining in circulation shall never exceed the principal remaining due on the hypothecary loans.

Art. 83.—Prizes and premiums payable at the time of redemption may, with the sanction of the Government, be attached to the debentures.

The council of management fixes the importance and distribution of these.

Art. 84.—The drawing by lot of the debentures which are to be called in for redemption is effected by the council of management in presence of the censors.

Art. 85.—Within eight days after the drawing, the numbers drawn are posted up in the office of the society, and inserted in two of the journals designated to be used for the publication of the proceedings of the society.

Art. 86.—The debentures indicated in the drawing are redeemed on the day set forth in the notice published.

From that day, the interest on the redeemable debentures entirely ceases.

Art. 87.—Debentures redeemed in consequence of a drawing by lot are at once stamped with a stamp of nullification.

They are destroyed in the presence of the governor, a member of the council and a censor.

Minutes of this proceeding are prepared.

Debentures returned to the society in consequence of anticipatory repayments, are immediately stamped with a special stamp, and cannot be again put into circulation without a fresh authentication by the governor.

In all cases they participate in the drawing by lot.

TITLE VI.

INVENTORY AND ANNUAL ACCOUNTS.

Art. 88.—The corporate year begins on the 1st January and ends on the 31st December.

At the end of each corporate year an inventory of the liabilities and assets is prepared under the superintendence of the governor.

They are submitted to the general assembly of shareholders, who approve or reject them, and fix the dividend after having heard the report of the governor and the observations of the censors.

If the accounts are not approved during the meeting, the assembly may appoint commissioners charged to examine them and report upon them at the next meeting.

TITLE VII.

DIVISION OF PROFITS.

Art. 89.—From the net profits realized, the following deductions are made :

1. 5 per cent. on the capital paid in on the shares, to be divided among all the shareholders.

2. A sum which must not exceed 20 per cent. of the remainder, applied to the reserve fund in the proportion fixed by the council of management.

What remains composes the dividend to be divided among all the shares issued.

The payment of dividends takes place annually at a period fixed by the council of management. The council, may, however, at the expiration of each year, authorise the provisional distribution of 2 francs 50 centimes for each 100 francs of the amount paid up on each share.

Art. 90.—Every dividend which remains unclaimed for five years after the time of its falling due, is forfeited for the benefit of the society.

TITLE VIII.

RESERVE FUND.

Art. 91.—The reserve fund is composed of the accumulation of the sums resulting from the annual deduction from the profits, in pursuance of Article 89.

When the reserve fund attains one-half the amount of the corporate stock subscribed, the deduction applied to its creation ceases to profit it. It is resumed if the reserve is encroached upon.

The reserve fund is intended to provide for unforeseen emergencies.

In case the results of one year do not suffice to furnish a dividend of 5 per cent. on each share, the difference may be drawn from the reserve fund.

The employment of the capital belonging to the reserve fund is regulated by the council of management.

TITLE IX.

MODIFICATION OF THE BY-LAWS.

Art. 92.—The general assembly may, at the instance of the governor and subject to the approval of the Government, make to the by-laws modifications resolved upon by the council.

It may especially authorise :

1. The increase of the corporate stock.
2. The extension of the operations of the Society.
3. The prolongation of its continuance.

In these several cases the convocation must contain a summary mention of the object of the meeting.

The resolution is not legal unless carried by two-thirds of the votes.

In virtue of such resolution the governor is fully authorised to apply to the Government for its approval of the modifications adopted, to arrange, together with the council, the changes which may be required, and to execute the deeds necessary to give them force.

TITLE X.

DISSOLUTION—LIQUIDATION.

Art. 93.—In case of loss of half the corporate stock subscribed, the dissolution of the society may be decided upon before the expiration of the term fixed for duration, by a vote of the general assembly.

The council of management, in the case of the loss above anticipated, is bound to submit to the general assembly the question whether there is occasion to decide upon the dissolution.

The manner of convocation and of resolution set forth by Article 92 for modifications of the by-laws is applicable to this case.

Art. 94.—Upon the expiration of the society, or in case of anticipated dissolution, the general assembly, at the instance of the governor, regulates the manner of liquidation, and appoints one or more liquidators, with power to sell, by auction or at private sale, the movable and real property of the society.

The manner of liquidation, and the selection of liquidators is submitted for the approval of the Minister of Finance.

The general assembly is of necessity convoked to settle the manner of liquidation, to make selection of liquidators, and to fix their powers. In default by it of having, on the day fixed for its meeting, or at a second meeting called in the case provided for by Article 43, decided upon these measures, or if, its resolution not having been approved by the minister, a new meeting does not modify it as required by the Government, the manner of liquidation and the selection of liquidators are decided upon in conformity with the provisions of the *règlement de l'administration publique* of 18th October, 1862.

The liquidators, in virtue of a resolution of the General Assembly, approved by the Minister of Finance, may transfer to another society the rights and engagements of the society.

During the liquidation the power of the general assembly continues, as during the existence of the society.

Art. 95.—All contestations which may arise among the persons associated respecting the execution of these by-laws, are submitted to the jurisdiction of the courts of Paris.

Contestations respecting the general and collective interests of the society cannot be deducted either against the council of management or one of its members, or against the governor, except in the name of the whole body of shareholders, and in virtue of a resolution of the general assembly.

Any shareholder who is desirous of inducing a contestation of this nature, must make it, at least fifteen days before the next meeting of the general assembly, the subject of a communication to the governor, who is bound to place the proposition on the orders of the day of such meeting.

If the proposition is rejected by the meeting, no shareholder can bring it before a court of justice in his private capacity; if it is received, the general assembly appoint one or more commissioners to follow up the contestation.

The notifications to which the proceedings give rise are addressed to the commissioners only.

No individual notification can be made to the shareholders.

TITLE XI.

PUBLICATION.

Art. 96.—For the publication of these by-laws, all powers are conferred upon the holder of a copy.

APPENDIX.

Hereto is appended, after mention, a duplicate of the *décret* above cited, of the 16th August instant,

Dont acte ;

Done and passed at Paris, at the office of the Society, rue Neuve-des-Capucines, No. 10, in the year one thousand eight hundred and fifty-nine, on the thirty-first day of August.

EXTRACTS

FROM THE

REPORT OF THE CREDIT FONCIER,

By Count Gy. de Germiny.

1855.



The issues of the society date from December, 1852.

At that period 200,000 shares of 1000 fr. 3 per cent. were created under the denomination of *promesses d'obligations foncières*.

The 200,000 numbers of these 200,000 shares, on a very large number of which, 200 francs had been at once paid up, were enclosed in a wheel which was opened four times per annum, and which will continue so to be opened for fifty years, dating from the 22nd March, 1853.

It is proposed that lotteries (*tirages au sort*) should be effected by means of this proceeding.

At each *tirage* the first numbers drawn gain prize lots which, on *tirages* already effected, amount to 2,570,000 fr. The following are what have been, and will be, the quarterly prize lots for 1855, and for the ensuing years :

At the *tirages* of the 1st, 2nd and 3rd quarters, 22nd March, 22nd June and 22nd September.

The first No. gained and will gain.	100,000 fr.
The second.....	50,000
The third.....	20,000
And so on for each of the three first quarters.....	170,000
Total of the three quarters.....	510,000

At the *tirage* of the 4th quarter, 22nd December.

The first No. will gain.....	100,000 fr.
The second.....	50,000
The third.....	40,000
The fourth.....	30,000
The fifth.....	20,000
The sixth.....	10,000
And the eight following numbers each, 5,000 fr.....	40,000
Total of the prize lots per annum.....	800,000

Two of these *tirages*, that of the 22nd March and that of the 22nd September, destined more especially for the repayment of the obligations, include the number of obligations requisite to secure the redemption of the obligations, within the period fixed for the complete repayment of the capital loaned.

In other words, as we lend the money received by us; as the contracts of loan are the security of our shares; as we ought not to have and do not have in circulation, in debentures, a debt exceeding in amount our hypothecary claims, so, as by means of the sinking fund our claims are extinguished, to the same extent our obligations are repaid.

Such is the mechanism of our credit. We believe we may, with justice, assert that none more simple or more secure exists. The diversity of our existing share capital is equally intelligible.

The society, which, at the outset, was only to issue shares of 1000 francs at 3 per cent. has been induced to subdivide them and issue them at various rates of interest.

The first have been allowed to continue at the rate of 3 per cent.; others have been issued at 4 per cent.; *coupures* of 500 francs and 100 francs, at 3 per cent., have been created, and also *coupures* of 500 and 100 francs at 4 per cent. Each of these *coupures*, in respect of the number it bears, being only a fraction of the original share, has retained the number of the share of which it is a fraction, so that as regards the chance of gaining prizes, and of being repaid with or without premiums, they have—to the extent of one-half when they are for 500 francs, and to the extent of one-tenth when they are for 100 francs—the same chance as the *promesses* of 1,000 francs which they represent.

There are still in circulation a few *promesses* of 1,000 francs at 3 per cent, wholly paid up, and some on which only 200 francs have been paid.

The stock list of the *Bourse*, as prepared in accordance with the requisition of the *Chambre Syndicale*, includes:

3 per cent.	{	<i>Promesses</i> of 1,000 francs, 200 francs paid up;
	{	<i>Coupures</i> of 500 francs, wholly paid up;
	{	<i>Coupures</i> of 100 francs, do.
4 per cent.	{	<i>Coupures</i> of 500 francs, wholly paid up:
	{	<i>Coupures</i> of 100 francs, do.

The *promesses* of 1,000 francs, with 200 francs paid up, produce 6 per cent annual interest, and form part of *series*, are the object of lotteries whenever the administration have increased by 10,000,000 the amount of their loans; those which are drawn in the lottery have to be at once paid up. Does this circumstance depreciate their value? It might be supposed that it would, and yet, independent of the 6 francs annual interest paid by the administration, they have a chance of gaining a prize of 100,000 francs, and when, at the time of the quarterly lottery, they are drawn from the wheel, the administration pays them off at par.

Those which are wholly paid up are no longer quoted on the *Bourse*; the administration has given to their holders the option of substituting for them two obligations of 500 francs, entirely paid up.

In the case of these two obligations of 500 francs, *coupures* of the obligation of 1,000 francs being held by one and the same person, they may also each win 50,000 francs, or together, 100,000 francs; if they are not held by the same proprietor, the prize of 100,000 francs is divided. The obligations of 500 francs, 3 per cent., are repaid with a premium of 20 per cent., or with a sum of 600 francs.

As regards the *coupures* of 100 francs, 3 per cent., the tenth parts of the obligation of 1,000, or fifth parts of obligations of 500 francs, they are entitled to an annual interest of 3 francs; they may win a prize of 10,000 francs, and are repayable with a premium of 20 per cent., or 120 francs.

The obligations of 600 francs, wholly paid up, 4 per cent., are repayable without premium, are entitled to the half of the prize of 100,000 francs: two bearing the same number may thus gain 100,000 francs.

The obligation 100 francs, 4 per cent., is entitled to one-tenth of a prize; it obtains no premium on repayment.

If there is any security in the world, of undoubted value, it is the obligation of the *Credit Foncier de France*: its value rises and falls in the market only in accordance with the comparison between its value and that of money in other terms, 1 franc of revenue in *obligations foncières* cannot and ought not be worth less than 1 franc of revenue in any other property. The security which is answerable for it enables us to assert that this franc of revenue ought to rank on the market in the very first rank of similar securities.

If, by the permanent character of the distribution, the number of its shares is increased, not only do they never exceed in amount the value of the security which serves to guarantee them, but this security is itself developed and enlarged in proportion as the amount of the shares increases. We ought, perhaps, to explain the difference between the quotations of small coupons of 100 francs and those of 500 francs and 1,000 francs, by the difference between wholesale and retail, and from the fact that there are more small stock markets than large ones. It is possible, also, that the vendor at any price of a very small number of obligations, may cause a decline in the quotations. But on the whole, for those who wish to make permanent investments, it is not on the market that a just appreciation of our securities can be obtained, but by an examination of their intrinsic value so exempt, both as regards returns and capital, from deterioration by the most adverse circumstances.

We have arrived at the conclusion, that to enable our institution to work successfully, two elements are indispensable: unity in its direction, unity in its credit; that its contracts of loan should be of uniform regularity, securing obligations issued by one sole society, and all enjoying in consequence the same credit. It would not be possible that the power which brings together capital should not have the most direct influence on the purpose to which it is applied, that is to say, on the contracts of loan. Our temporary connection with two societies to which we supplied capital to be employed in loans, has demonstrated to us how illogical any other result would be, and how dangerous it would be to guarantee obligations and to be responsible for their credit when we have not been allowed to judge for ourselves of the value of the security given for them. And again what good would result from a distribution of the powers of a machinery so simple as ours. We have already, on a previous occasion, defined the system of loans effected by the *Crédit Foncier*: permit me to repeat this definition.

Under the auspices of the special legislation which controls it, the *Crédit Foncier de France* offers to borrowers conditions which they cannot obtain elsewhere. The principal advantage of loans for a long term of years and repayable by annuities, which constitute the system which they have the privilege of putting into operation, is the relief of the borrower from the obligation of repayment in one entire sum, and at a certain fixed period. By the annuity which he pays, and which barely exceeds the ordinary interest of moneys the borrower, by means of the sinking fund and the efficacy of compound interest, repays, every half year a fraction of the capital and insensibly liberates himself in a period of from twenty to fifty years, at his own option, retaining always the right to hasten his complete discharge by anticipatory and even partial payments.

Can there be found a theory that can be more easily reduced to practice; one more secure in its operations; one that would be more universally beneficial under the guidance of a central power? Give us credit, gentlemen, plenty of credit: that is the whole secret of the *Crédit Foncier*; for the business of loaning judiciously has its difficulties, but then we have privileges and means of execution, which, centred in one power, leave us no anxiety whatever on that ground.

As to the money, it will come if it be ascertained that the loans are carefully considered. Now, who can discharge these duties independently? In our opinion—and experience shews that we are correct—this can only be done by a central society. If there are any doubts on this point, we will remove them, by a glance at our documents, those of the old *Caisse Hypothécaire*, and by the most ample information at our disposal: they will make apparent how compromising to the interests in question are the *laissez faire* and *laissez passer* of local influences. It will be urged that we are harsh; but we deem it a point of duty and honor to be so, for perils of all kinds surround us; over estimates and defects of titles. On all these points we ought to be constantly on guard; we can and we ought to defend ourselves. A district society would not enjoy this power; it would be useless to investigate the causes. Any one who knows the tendencies of human nature knows the general disposition to extend indulgence in the hope of obtaining similar treatment, should the occasion present itself. We are frequently urged to be more lenient as regards titles; but what would this tend to? perhaps to our eviction; for it is quite possible, that having been induced to speak too highly of a security, we might be compelled to prove that the person who gave us the security was not the owner of it. This has been proved. If I mistake not, it was by so doing that the *Caisse Hypothécaire* lost 17 millions.

There cannot be two ways of working the *Crédit Foncier*. In order to lend money on land, capitalists must be convinced, not only of the value of the security, but that a uniform system is followed in effecting the loans. District societies would offer no securer guarantee in this respect than independent agencies. What is required is a control and sole controlling power, and a corresponding power in each department, for the transaction of business, and enabling us to apply to it an unvarying theory.

EXTRACT FROM THE REPORT OF THE CRÉDIT FONCIER DE FRANCE;

Balance sheet on 31st December, 1855 :

ASSETS.		LIABILITIES.	
Stockholders.....	16,827,750 00	Capital stock.....	30,000,000 00
Money in the chest.....	478,786 52	Reserve fund.....	143,121 60
Securities, Treasury Bonds, Bills		<i>Fonds de Prévoyance</i>	1,280,594 98
Receivable, &c.....	4,843,423 71	Obligations, 3 per cent, 4 per cent.	200,000,000 00
Bills not yet due.....	41,553 67	Obligations to be redeemed.....	11,744,750 00
<i>Rentes sur l'Etat</i>	262,125 00	Repayments on loans.....	381,018 35
<i>Trésor</i>	898,884 57	Loans deferred.....	4,684,618 35
<i>Receveurs Généraux</i>	3,381,225 30	Dividends payable.....	1,495,756 39
<i>L'Etat</i> Subsidy.....	297,470 00	Interest payable on obligations.....	795,951 55
<i>Société de Crédit foncier de Mar-</i>		Obligations repayable after <i>tirage</i> .	364,255 75
<i>seille</i>	1,156,136 73	Premiums payable.....	393,235 00
do do de Nevers.....	1,650,062 00	Prize lots payable.....	16,890 00
Holders of obligations.....	11,627,700 00		1,300 00
Obligations to be realized.....	134,988,200 00		70,000 00
Obligations redeemed, sums em-		Redemption of loans, 1855 to 1906.	62,218,931 65
ployed in the redemption of		Interest do do	82,303,257 38
loans.....	4,803,600 00	Costs of administration, do	16,133,175 57
Funds arising from	4,684,618 35	Provision for difference of sale of	
the redemption of		interest or obligations.....	23,960 00
loans, not yet dis-			
posed of.....	381,018 35		
On obligations drawn in the <i>tirages</i> ,			
amount not paid up.....	577,000 00		
Loans realized.....	66,903,550 00		
Annuities of loans, 1855 to 1906.....	160,355,382 60		
Divers.....	1,319,572 30		
Company's Office.....	1,626,175 57		
Furniture.....	70,754 92		
Costs of establishment.....	1,406,058 85		
Provisional interest, at 5 per cent			
to stockholders.....	658,612 50		
Fr.....	413,426,022 57	Amount at credit of profit and loss	412,059,702 82
		account.....	1,366,319 75
		Fr.....	413,426,022 57

Of all these items we will only recall two to your remembrance: the Reserve Fund and *Fonds de Prévoyance*.

The first, the *Fonds de Réserve*, originated in a statutory enactment. It is formed by an annual payment not exceeding 20 per cent, made out of the profits of the society, if any there are, after payment of the costs of administration, and of the interest on obligations, and payment of their capital, premium and prizes, when prescribed by lot. In this manner this account, which, up to the present time, amounts to 143,121.60fr., will again be increased to-day, and will increase in each successive year until it amounts to one-half the capital stock subscribed, destined as it is to meet eventualities now unforeseen, and in the event of the profits of the year not being sufficient to pay a dividend of five per cent to make up the deficiency.

The *Fonds de Prévoyance* has not the same origin. On the 25th April, 1854, you decided that you would impose on the future some of the charges of the present, and that you would carry to an account to be called *Frais de premier établissement*, which should be opened in 1857, a certain proportion of the general charges of the years 1852, 1853, 1854, 1855 and 1856, with the view of providing for their redemption in twenty years.

Four-fifths for 1852 and 1852,

Three-fifths for 1854,

Two-fifths for 1855,

One-fifth for 1856.

At the same time you instituted the *Fonds de prévoyance*, which you credited, in 1854 and 1855, with sums corresponding to those which you carried to the account of *Frais de premier établissement*.

As the first results of this decision, the <i>Fonds de prévoyance</i>	
amounted, on the 31st December, 1855.....	1,289,594fr. 98c.
But the sum carried to "General Management" being	
only.....	1,126,268fr. 73c.

The difference.....	163,326fr. 78c.
---------------------	-----------------

Constitutes with the.....	143,121fr. 60c.
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Carried to the <i>Fonds de Réserve</i> , independently of the	
amount arising out of the profits of 1855, a saving of	306,447fr. 85c.

Every prudent society likes to know that a saving of this nature is ready to meet any crisis in its affairs.

Your financial condition is good, very good; you are enabled, to perceive, from a very rapid audit of the accounts, that it leaves nothing to be desired.

EXTRACT FROM THE REPORT OF 1853, BY MR. L. FREMI, GOUVERNEUR.

GENTLEMEN,—Five years have elapsed since you inaugurated in France a system of Credit which has been for years in successful operation in neighboring countries. During these five years in which such great events have occurred, during which, in both hemispheres, financial crises have overwhelmed the oldest and most solid establishments, your society, then hardly formed, has not escaped the difficulties which all institutions of credit have to encounter. Accused of rashness by those whose principles it set at naught, whose theories it clashed with, and whose interests it interfered with—it was at an early period accused of want of power by those whose wants it had not met, and whose expectations had not been realized in a single day; and by turns sought for and then abandoned by capitalists, its conditions have varied, and its proceedings have appeared uncertain.

These vicissitudes and struggles during which the constant favor of the government has followed and sustained your efforts, may have retarded the development, but they have not compromised the existence of the *Crédit Foncier*. This is due to the fact that the vitality of an institution of credit depends less on the rapid transaction of its business than on the security of its operations, and the permanency of the interests to meet whose wants it has been formed. Now, in both these respects, the *Crédit Foncier* is superior to any other institution. We may assert that it has no comparison to fear. What operation offers better security than a loan or hypothec, as we grant it, subject to conditions and enjoying the privileges conferred by special legislation? What interests present that character of permanence in the same degree as those in real estate?

Territorial credit undoubtedly existed before your institution was founded, and the sum of 8 milliards of debts proves sufficiently that the land participated in the advantages enjoyed by the State for its loans, and by commerce for its transactions. But that credit which does not facilitate the means of ultimate payment, only leads to ruin the individual who obtains it without offering any security to the person who grants it. This is the history of ordinary loans on hypothec, with their burthensome renewals, and not unfrequent expropriations. Short credit may in effect suffice for commerce, which, by its numerous transactions, constantly renews its capital. Such is not the condition of real property. The operations which it admits of are effected for a lengthened term; they

are generally works occupying a lengthened period of time for their execution, which, adding a certain value to the soil, do not admit of the capital engaged being rapidly liberated. It is only by degrees and as it produces, year by year, that land can repay the advances it has received. What it requires is time. Credit for a long term of years which diminishes the burthen of repayment by distributing it over a great number of years, adapting as it were to the annual productions of the real property, the annual price to be paid by the proprietor to obtain its freedom from incumbrance.

Credit for a term of years and repayment by annuities form the basis of the system inaugurated under your auspices. Such is the benefit conferred by you on landed estate.

Your system, if it be advantageous as regards property, is not the less profitable to prudent capitalists who prefer the security of the soil to the risk of speculation. For a condition of solvency often but little known or appreciated, and for the limited responsibility of an individual, your society substitutes the collective guarantee of an institution which undertakes at its own risk to estimate the value of the real property offered as security, fixes the amount of credit that will attach to such property, and retains in its hands the security; the contract of loan delivers to the borrower the sign of that security, the *lettre de gage*, the negotiation of which will provide him with the capital he seeks for. Thus this institution unites in itself the double character of creditor and debtor, collecting the annuities on the property pledged, securing the regular payment of the interest, and unchangeable as the contract which it holds, immoveable as the soil which serves as its security, it effects, by a double operation, the redemption, the force of which it centralizes, and the regularity of which it only can secure.

These advantages are now well understood, and no one now disputes its reality and its importance, as regards the interests of real property and capital, which its object has been to conciliate by affording equal advantages to both.

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EXTRACT FROM THE OBSERVATIONS OFFERED IN THE NAME OF THE
CENSORS, BY M. PARAVEY, ONE OF THEM, 1859.

GENTLEMEN,—The position of our affairs, and the explanations which you have just heard, render it necessary that we should offer but a few brief observations.

A position which presents as the results of last year's transactions, 30,041,200 francs of loans paid up, shewing an increase of more than 21,000,000 francs over the results of the two last years, and which has naturally produced a proportionate increase in the amount of the government subvention.

34,460,400 francs received on obligations, instead of 11,127,700 francs the receipts of last year, making for the year an increase of more than 23,000,000, on the amount of obligations in circulation.

111,956,975 fr. 78c. paid during the year into the *caisse de service*, and reduced by successive drafts to a balance, on 31st December of 38,937,454 fr. 64c., instead of 36,158,892 fr. 52c. paid in 1857 and leaving on 31st December of that year, a balance of 8,031,534 fr. 28c.; 7,594,514 fr. 38c. advanced on deposits of obligations, instead of 1,258,191 fr. 65c. in 1857.

General cash circulation, 241,885,504 fr. 24c., instead of 73,254,053 fr. 26c. in 1857. And lastly as a consequence of these operations, to the most important of which only we now refer, an account of profits and losses which enables you to add one per cent to the amount of the dividend of last year, that is to say, to raise to 9 per cent on the amount of capital paid up, the dividend on the year's profits, after having increased by 310,966 fr. 25c. the amount of the statutory reserve fund, which now amounts to 794,242 fr. 75c., and by 619,685 fr. 07c. the amount of the *fonds de prévoyance* and *de provision*, the object and importance of which have been explained in the reports of previous years, and which have now attained the sum of 3,014,831 fr. 12c.

Such a position of affairs, gentlemen, speaks for itself and requires no comment.

We have examined it with care, we may say with severity. The importance of the results made it incumbent upon us to assure ourselves of their reality. We are convinced that there is no deception in the figures which exhibit it, that suitable, indeed, liberal provision has been made for events in the future, by the appropriations to which we have just referred for the *fonds de réserve* and *de prévoyance*, and that you may safely concur in the proposition now submitted to you, to fix at 22 fr. 50c. per share the total dividend for 1858.

4,922,868 07

4,922,868 07

Balance to credit.....

CREDIT FONCIER

No. 1.—POSITION ON

ASSETS.

	FR.	C.
Stockholders.....	15,000,000	00
Cash and Securities.....	36,085,342	23
Treasury.....	26,366,920	39
Advances on titres.....	22,774,057	95
<i>Receveurs Généraux</i>	2,625,764	68
Holders of obligations libérées partly paid up.....	5,715,600	00
Holders of obligations communales partly paid up.....	10,383,450	00
Borrower's loans paid up.....	{ hypothecary for a term of years 253,810,115fr. 20c. hypothecary for a short time..... 3,115,000 00 to the communes..... 48,776,265 74 drainage works..... 333,703 10	
	306,035,084	04
Loans to be realized.....	4,127,269	90
Half-year's annuities due.....	477,660	00
Offices of the Company.....	2,729,003	29
Furniture.....	131,783	26
Claims disputed.....	52,381	73
Premiums to be redeemed of the communal loan, 3 per cent.....	9,773,772	49
Discounts renewed.....	3,445,830	36
Miscellaneous.....	2,954,097	07
	449,328,022	89

No. 2.—EXTRACT FROM THE ACCOUNTS

Dr.

	FR.	C.
Expenses of Management.....	{ Personal..... 673,154 55 Printing and Miscellaneous..... 329,935 74	
Payment of <i>Receveurs Généraux</i>	86,000	00
Interest, Premiums, and Prizes on obligations in circulation.....	11,487,502	90
Bank Commissions, &c.....	364,311	70
Registration and Stamps.....	38,338	72
Care of real Property, payments for Furniture, &c.....	66,199	74
Grant of the Society to the <i>Caisse de retraites</i>	19,949	15
	13,065,392	50
Net Profit.....	3,049,904	76
	16,115,297	26

DE FRANCE.

31st DECEMBER, 1861.

LIABILITIES.

	FR.	C.
Capital stock..... { Paid up..... 15,000,000fr. 00c. To be paid up..... 15,000,000 00 }	30,000,000 00	
Statutory Reserve.....	1,821,811 61	
Réserves immobilières.....	2,388,587 49	
Fonds de prévoyance and provision for the payment of obligations.....	1,954,962 21	
Obligations foncières in circulation.....	259,148,200 00	
Obligations communales in circulation..... 35,833,577 51	45,607,350 00	
Premiums of the communal loan, 3 per cent..... 9,773,772 49		
Titres partially paid up.....	16,099,050 00	
Loans deferred.....	23,080,744 48	
Funds deposited.....	57,061,275 70	
Sous-Comptoir des Entrepreneurs.....	3,767,906 63	
Crédit Agricole.....	465,273 74	
Obligations drawn in the tirages to be repaid.....	765,100 00	
Interest, premiums, prizes, and dividends to be paid.....	2,040,896 25	
Miscellaneous.....	2,071,459 52	
	446,278,117 63	
Excess of Assets over Liabilities.....	3,049,904 76	
	449,328,022 39	

OF PROFITS AND LOSSES FOR 1861.

Cr.

	FR.	C.
Interest on loans realised.....	11,688,776 52	
Grant for expenses of management.....	1,296,893 26	
Miscellaneous.....	623,223 74	
Interest on capital stock and reserve funds.....	987,096 39	
Profits on deposits of funds.....	771,204 00	
Subvention from the State (balance).....	601,103 50	
Cost of original Establishment repaid by the Crédit Agricole..... 50,000fr. 00c.	146,999 85	
Subscription by Crédit Agricole for management for eleven months.... 96,999 85		
	16,115,297 26	

GENERAL STATEMENT OF THE OPERATIONS

OF THE

CRÉDIT FONCIER DE FRANCE IN 1859, 1860, AND 1861.

No. 3.—LOANS, ADVANCES, OR CREDITS.

NATURE OF THE OPERATIONS.	1859.		1860.		1861.	
	FR.	C.	FR.	C.	FR.	C.
Hypothecary loans for terms of years.....	26,386,300	00	46,054,800	00	97,397,864	00
Hypothecary loans for short terms.....	7,551,000	00	1,858,000	00	2,500,000	00
Loans for drainage works.....	36,000	00	181,800	00	172,950	00
Hypothecary loans in Algeria					294,800	00
Communal Loans			19,178,145	00	24,892,985	12
Advances on obligations foncières.....	8,164,468	46	11,111,655	80	32,227,011	38
Advances on obligations communal.....					4,944,370	26
Advances on various securities.....	10,327,706	25	62,656,778	54	7,789,520	77
Crédit du Sous-Comptoir { on hypothec.....			12,580,168	00	15,185,200	00
des Entrepreneurs ap- { proved by the Crédit { Foncier de France.. { on other securities,			554,749	00	4,056,508	00
Total	52,465,474	71	156,123,595	34	179,367,929	47

No. 1.

STATEMENT OF THE MONTHLY LOANS

OF THE

CRÉDIT FONCIER DE FRANCE IN 1859, 1860 AND 1861.

MONTH.	1859.	1860.			1861.		
	Hypothecary Loans.	Loans.		TOTAL.	Loans.		TOTAL.
		Hypothecary.	Communal.		Hypothecary.	Communal.	
Fr.	Fr.	Fr.	Fr.	Fr.	Fr.	Fr.	
January.....	943,500	2,826,500	...	2,826,500	20,189,884	1,521,783	21,711,667
February	4,563,700	2,548,500	...	2,548,500	3,885,400	2,403,000	6,288,400
March.....	2,524,500	4,150,000	...	4,150,000	5,009,000	...	5,009,000
April.....	1,491,000	3,695,000	...	3,695,000	6,469,000	1,650,000	8,119,000
May.....	2,090,500	3,107,000	..	3,107,000	3,933,500	251,375	4,184,875
June.....	3,330,500	5,979,000	...	5,979,000	6,179,000	2,173,375	8,352,375
July.....	1,730,500	4,648,000	...	4,648,000	7,407,200	15,835,306	23,242,506
August.....	2,102,000	3,065,000	...	3,065,000	7,844,600	...	7,844,600
September.....	2,450,500	7,018,300	...	7,018,300	5,440,100	1,007,946	6,448,046
October	1,703,800	3,560,000	...	3,560,000	9,300,900	33,000	9,333,900
November.....	1,447,800	2,747,000	18,648,645	21,395,645	6,794,700	4,700	6,799,400
December.....	2,008,600	4,740,000	529,500	5,269,500	5,146,100	12,500	5,158,600
Total.....	26,386,300	48,054,300	19,178,145	67,232,445	87,599,384	24,897,985	112,492,369

CLASSIFICATION OF

No. 5.—ACCORDING TO

YEARS.	Above 1,000,000.		500,000 to 1,000,000.		100,000 to 500,000.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
1853 to 1858.....	2	Fr. 12,400,000	26	Fr. 17,990,000	263	Fr. 47,193,000
1859.....	1	3,600,000	1	600,000	71	13,706,000
1860.....	2	5,500,000	6	4,002,000	99	20,909,000
1861.....	3	20,000,000	8	5,970,000	162	32,784,000
Total.....	8	41,500,000	41	28,562,000	595	114,592,000

No. 6.—ACCORDING TO

YEARS.	10 to 19 years.		20 years.		21 to 30 years.	
	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
1853 to 1858.....	"	Fr. "	165	Fr. 6,739,780	75	Fr. 2,498,050
1859.....	9	289,000	14	429,000	10	317,000
1860.....	39	1,494,500	33	659,043	32	1,804,000
1861.....	57	1,401,100	47	1,254,200	71	2,250,500
Total.....	105	3,184,600	259	9,082,923	188	6,869,550

No. 7.—ACCORDING TO THE

YEARS.	DEPARTMENT OF THE SEINE.	
	NUMBER.	AMOUNT.
1853 to 1858.....	835	Fr. 76,062,800
1859.....	233	27,415,400
1860.....	510	35,437,000
1861.....	826	69,380,700
Total.....	2,404	201,295,900

HYPOTHECARY LOANS.

THEIR IMPORTANCE.

50,000 to 100,000.		10,000 to 50,000.		Above 10,000.		TOTAL.	
NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
264	Fr. 17,085,850	713	Fr. 16,726,480	463	Fr. 2,142,000	1,731	Fr. 113,537,330
56	4,241,000	158	3,965,900	56	273,400	343	26,386,300
111	8,517,000	314	8,121,500	177	1,004,800	709	48,054,300
168	13,827,384	472	13,037,700	345	1,980,300	1,163	87,599,384
599	43,671,234	1,657	41,851,580	1,041	5,400,500	3,941	275,577,314

THEIR DURATION.

31 to 40 years.		40 to 49 years.		50 years.		60 years.		TOTAL.	
No.	AMOUNT.	No.	AMOUNT.	No.	AMOUNT.	No.	AMOUNT.	No.	AMOUNT.
29	Fr. 2,463,600	283	Fr. 35,161,424	1,179	Fr. 66,674,476	...	Fr. ...	1,731	Fr. 113,537,330
9	295,000	300	25,050,300	...	...	1	6,000	343	26,386,300
16	270,000	552	24,848,341	37	9,008,416	...	...	709	48,054,300
20	1,111,500	426	25,373,884	537	56,208,200	...	...	1,168	87,599,384
74	4,140,100	1,561	120,403,949	1,753	131,891,092	1	6,000	3,941	275,577,314

SITUATION OF THE REAL ESTATES.

OTHER DEPARTMENTS.		TOTAL.	
NUMBER.	AMOUNT.	NUMBER.	AMOUNT.
896	Fr. 37,474,530	1,731	Fr. 113,537,330
110	5,970,900	343	26,386,300
109	12,617,300	709	48,054,300
332	18,218,684	1,168	87,599,384
1,537	74,281,414	3,941	275,577,314

"OBLIGATIONS FONCIERES" AND "OBLIGATIONS COMMUNALES."

(CERTIFICATS NOMINATIFS).

YEARS.	OBLIGATIONS FONCIERES.			OBLIGATIONS COMMUNALES.		
	RECEIVED.	WITHDRAWN.	BALANCE.	RECEIVED.	WITHDRAWN.	BALANCE.
	Fr.	Fr.	Fr.	Fr.	Fr.	Fr.
1859.....	14,756,500	9,739,300	23,694,700	.....	.....	.....
1860.....	24,021,500	9,809,000	37,007,200	2,266,500	23,000	2,243,500
1861.....	31,156,300	8,203,100	60,860,400	1,424,500	977,000	2,694,000

(ADVANCES.)

YEARS.	OBLIGATIONS FONCIERES.			OBLIGATIONS COMMUNALES.		
	RECEIVED.	WITHDRAWN.	BALANCE.	RECEIVED.	WITHDRAWN.	BALANCE.
	Fr.	Fr.	Fr.	Fr.	Fr.	Fr.
1850.....	12,883,700	9,512,600	7,232,600	.....	.....	.....
1860.....	15,911,000	12,216,500	10,927,200	.....	.....	.....
1861.....	41,640,400	7,000,600	24,639,700	7,292,700	4,244 800	3,047,900

No. 12.

GENERAL MOVEMENT OF STOCK

OF THE

CRÉDIT FONCIER DE FRANCE.

YEARS.	NUMBER OF TRANSFERS.	NUMBER OF SHARES TRANSFERRED.
1852.....	501	14,073
1853.....	2,994	96,463
1854.....	1,922	69,525
1855.....	1,497	35,479
1856.....	2,708	93,332
1857.....	1,125	38,475
1858.....	1,118	24,254
1859.....	801	16,068
1860.....	1,196	20,880
1861.....	1,101	21,474

STATUTES
OF THE
HYPOTHECARY AND DISCOUNT BANK
OF
BAVARIA.

CHAPTER I.

ESTABLISHMENT AND DIRECTION.

1. The Hypothecary and Discount Bank is established by a private society under the protection and constant supervision of the Government. Its profits are the property of the society.

2. This establishment is divided according to its functions, and in conformity with the Law of 1st July, 1854—

A. into a Hypothecary Bank.

B. and a Bank of Discount.

3. The Hypothecary Bank is based on the special system of credit, and on the provisions of the law which relate thereto.

4. The chief place of business of the bank is at Munich, but a branch will shortly be established at Augsburg, which will have the same powers and duties as regards loans, deposits, discounts, &c. If necessary, other branches will be established in other cities in Bavaria.

5. The bank may increase its original capital of 10 millions of florins up to 20 millions, if the extent of its operations demands such increase. Under any circumstances, it undertakes to increase it to 12 millions of florins, without delay, to satisfy all applications that may be made upon it in conformity with the by-laws.

In the event of any further issue of stock by the bank, the subscribers of the first 10 millions will be entitled to one-half the new stock in proportion to their previous subscriptions; one-fourth is placed at the disposal of the Government; so much of that fourth as is not taken up by the Government, and the remaining fourth, are left to the direction of the bank.

In case the bank possesses a reserve fund before such further issue of stock, those parties who take up the new stock shall, in addition to the amount of the stock, pay in a proportionate contribution to the reserve fund.

6. For the formation of the original capital, nominative shares of 500 florins are issued, transmissible by simple endorsement, without legal intervention. These shares are regis-

tered in the order of their numbers, under the name of the proprietor, in a counterfoil register. To effect a transfer in this book, the original share must be returned; until its presentation, the party in whose name it stands is deemed the proprietor.

7. The instalments are payable in cash at the office of the bank, and at the periods fixed by the directors, one month's previous notice being given to the shareholders. So soon as the by-laws are adopted, and upon notice by the board of directors of the bank, the stockholders shall pay 50 florins per share, or 10 per cent., for which they will receive nominative share certificates. In no case shall more than 500 florins be paid on each share.

8. Each share will be entitled to an equal share in the reserve fund and in the profits of the bank. During the whole period of its operations, only interest and dividends shall be divided.

9. Inhabitants of the country, foreigners and public monetary institutions may hold stock.

10. To each share certificate are attached dividend coupons for 10 years, or 20 half-yearly coupons. The annual rate of interest is fixed at 8 per cent; each coupon is of the value of $7\frac{1}{2}$ florins, not including the dividend which will be declared at the same time in the *pro rata* of the profits, which shall be made public by the Board of Directors.

11. The duration of the bank is fixed at 99 years. Its privileges will expire at the end of that period, if not previously renewed.

CHAPTER II.

RIGHTS AND PRIVILEGES OF THE BANK.

12. The bank and its branches,

1st. Will enjoy all the commercial and discount privileges of Augsburg, and in all contestations between the bank and persons amenable to the tribunal of commerce, in relation to commercial matters, judgment will be given in accordance with the provisions of the commercial law of Augsburg, unless express stipulations to the contrary exist between the bank and the parties interested.

2nd. All the Acts shall be signed "*Banque bavaroise d'hypothèque et d'escompte*"; this signature shall have the same effect as that of a public authority.

3rd. Each establishment shall have its own seal.

4th. They may receive deposits of money belonging to minors, paying a fixed rate of interest thereon.

13. The bank shall enjoy the exclusive right of putting into circulation, notes payable to bearer, the value of any of which shall not be less than ten florins. The total amount of these notes shall not exceed four-tenths of the capital, and the maximum amount shall not exceed eight millions of florins.

Three-fourths of each issue shall be guaranteed by hypothecary loans, on property double in value of the amount loaned, and the remaining fourth at the least by disposable specie in the coffers of the bank.

The Directors shall, moreover, take care that the three-fourths guaranteed by hypothec shall have their repayment secured by bonds and other securities in hand, easy of negotiation, if required.

These notes will be received in payment at the public treasury, for their nominal value.

14. The bank undertakes to issue notes payable on demand, and to receive back these notes on payment of their value, at any of its branches specially authorized.

15. Their value to be paid in the local currency.

16. The bank shall not accept *saisie-arret* on notes issued by it, nor on money received by it on deposit.

17. The share certificates and other nominative documents issued by the bank, may be judicially annulled, when they shall have been lost, in accordance with the laws of the country respecting obligations, but notice thereof must be immediately given to the Board of Directors.

18. At the expiration of its privileges, or in case of its dissolution, the bank shall deposit in the royal treasury the exact amount of its notes in circulation.

The amount of the notes not exchanged at the expiration of three years, in conformity with the purport of the notes, shall become the property of the bank after public advertisement. It shall be the same thing when the Directors of the bank shall exchange the notes in circulation, on account of their deterioration or otherwise.

19. Counterfeiting and alteration of the notes shall be punished in conformity with article 2 of the law of 1st July, 1834.

20. As regards sums deposited in the bank, the bank shall have the right of paying itself out of the deposit without judicial intervention.

CHAPTER III.

CONNECTION OF THE BANK WITH THE GOVERNMENT.

21. A royal commissioner, appointed by the government, shall exercise a constant supervision over the execution of the statutes of the bank.

1st. He may be present at meetings of the committee, and of the Board of Direction, and at the elections.

2nd. He is entitled to have communications at any time of the books and accounts of the bank.

3rd. He shall supervise, upon his own responsibility, the execution of the provisions of section 13 in relation to notes, and shall affix his signature and seal to the said notes, before their issue.

22. When the royal commissioner is of opinion that the directors or the committee of the bank are acting in excess of their powers, are desirous of proceeding in contravention of the statutes, and that they do not allow of his thorough supervision, he refers at once to the government, and the matter at issue is suspended until its decision is obtained.

23. The bank may, on its own affairs, make direct applications to the Royal Ministers.

24. When the Government enters into negotiations with the bank, in respect of any financial operation, all the provisions of the statutes and by-laws apply to it as they do to private individuals.

CHAPTER IV.

ADMINISTRATION OF THE BANK.

25. The affairs of the bank are managed by a Board of Directors, and by the administrative officers of the bank, the latter being paid employés. The Board of Directors appoint a judicial council. The society of stockholders is represented before the Board of Directors by a committee of the bank, composed of the sixty largest stockholders.

26. The committee appoints from among the shareholders residing at Munich, seven persons who constitute the Board of Directors. Their members retire by lot, one the first year, two the second, and four the third. There places are filled by election. The Board appoints its president.

27. The administration of the Board elects annually such auditors as they may deem necessary, from among the skilled merchants residing at Munich, who can set a just value on the *raisons de commerce* and on the signatures for discounts. To make a decision, three auditors are necessary.

28. The election of each administrator is made by ballot, and only after the first is declared elected, is the election of the second proceeded with, and so with the others.

29. All national shareholders who enjoy the unrestricted management of their affairs may be members of the administration or of the committee. Women, foreigners, corporations and public bodies, are excluded. Insolvents, so long as their prior obligations are unfulfilled, cannot be members either of the committee or of the administration.

No shareholder may be represented by a proxy, excepting only members of the royal family.

30. The directors appoint annually a certain number of censors for the business of discounts.

31. The directors meet once a week. Three directors must be present to pass a resolution.

32. The services of the directors and censors are gratuitous.

33. The administration of the bank is composed of a managing director and of the officers.

34. The officers must not be engaged in commerce.

35. The administration manage the current business of the bank.

36. The official proceedings of the bank are signed by the acting director and an administrator.

37. The bank committee meets once a year. It is composed of sixty shareholders.

38. The functions of the committee are the auditing of the accounts, the confirmation of appointments, and the proposition and amendment of the statutes.

CHAPTER V.

PROVISIONS RESPECTING THE DIVIDENDS AND RESERVE FUND.

39. The books are to be closed by the administration twice a year, at the end of June and the end of December, to calculate the profits on the operations, and to divide them as dividends in the proportion of the shares, after deducting the amount to be carried to the reserve fund.

40. In the first place, before any distribution, 3 per cent. interest on the capital of each share of 500 florins, or for six months 7½ florins is set apart.

Three-fourths of the balance of profits, after deducting all expenses, losses and doubtful debts, constitute the dividend to be distributed in the *pro rata* of the shares.

The result of the half-yearly balance is made public, and after its publication, the dividend is payable in exchange for the coupons.

41. The one-fourth remaining of the property constitutes a reserve fund, which must be raised to the amount of one-tenth of the capital. This fund must always be kept at that amount, without ever exceeding it. So soon as the reserve fund reaches the amount indicated, the fourth part of the profits is to be added to the dividend divided.

42. The reserve fund shall be the subject of a separate account; it shall be invested by the corporation in public securities or in private obligations, so as to produce interest. This interest will be entered as receipts in the December balance-sheet, and will be added to the dividend.

CHAPTER VI.

SEC. I.—OF THE OPERATIONS OF THE BANK IN GENERAL.

43.—Three-fifths of the capital of the Bank will be employed in hypothecary loans, and two-fifths only for the other operations of the society.

44.—In case the Bank shall not receive a sufficient number of satisfactory applications for the investment of the three-fifths of its capital, it may employ the funds at its disposal for its other operations, but subject to the express condition that they are to be loaned at short dates only, so that they always be in a position to restore the three-fifths to their original destination.

45.—The Bank shall never speculate on its own account, either generally or on special occasions, in the securities of foreign powers.

46.—The business of the Bank includes the following operations:

1st. Hypothecary loans.

2nd. Discount transactions.

- A. Simple discount.
 B. The discounting of bills of exchange which do not offer the securities indicated in § 62, No. 2.
 3. Loans on paper securities.
 4. The *operation d'endossement*.
 5. Deposits.
 6. Life assurances, life rents, and other analogous operations.
 7. Receiving deposits of moneys both by the State and individuals, and paying a stipulated interest.
 47.—Of the operations referred to in the preceding paragraph, those of simple discount are to be specially favored by the administration.

SEC. II.—OF THE PARTICULAR BRANCHES OF THE OPERATIONS OF THE BANK.

1st.—Of *Hypothecary Loans*.

48.—The Bank only lends one-half of the estimated value of the property hypothe-
 cated, and generally only on first hypothec—that is to say:

- 1st. On all real estate situated in Bavaria.
 2nd. On the houses in the towns or boroughs which produce a certain revenue, excepting chateaux and buildings which cannot be leased, in so far as the latter are to be reckoned as security without the addition of other property.

In the matter of fiefs or trusts, the bank reserves to itself the right of making special conditions for its own security.

Bavarian subjects may obtain loans on all their property situated within the States of the Confederation, when the laws of the country in which they lie afford adequate certainty of ensuring prompt and summary proceedings and execution.

In conformity with title 7 of the law respecting Banks, of 1st July, 1834, the subjects of the other States of the Confederation can only obtain loans out of the two-fifths of the capital reserved for discount transactions.

49.—Loans of this description are effected in cash only, in round sums of not less than five hundred florins.

The legal and all other costs are payable by the borrower.

50.—Applicants for loans may address the bank verbally or in writing, either directly or by proxy, or by sworn brokers. They shall annex to their application a description of the real estate security, an estimate of its value in accordance with sec. 60, and a legal extract from the register of hypothecs, and a declaration of acquiescence in the statutes.

51.—The borrower shall submit to the Bavarian Hypothecary Bank a writing containing all the conditions stipulated by the bank, for guaranteeing the loan and the payment of the stipulated interest, and moreover a declaration in the form of *procès-verbal*:

1st. That he recognises and acknowledges the statutes of the bank as the rules by which he is bound exclusively for the decision and interpretation of his agreement of loan with the bank.

2nd. That in case payment shall not have been made within the 14 days next following the day fixed therefor,

A. He submits himself to the decision of the competent tribunal, in which the bank shall take proceedings based on the hypothec, or on an authentic extract from the register of hypothecs, and that he will not offer any exception or other proceeding prior to the liquidation of the arrears.

B. That he extends to the bank the choice of property to be seized, without compelling the bank to follow the order prescribed by the provisions of the Ordinance, chapter 18, sec. 3.

C. That he will make no opposition which cannot be proved on the spot, by authentic documents, to the mode of *saisie* employed against him.

D. That he renounces to all dilatory proceedings at law, and to all the *bénéfices de droit, réglemens d'indulgence, &c., compétence, cession de biens and suspension provisoire (moratorium)*.

3rd. That in case of the deterioration in value of any one of the subjects of the hypothec, which may endanger the security of the debt, the bank may not only proceed to a

new valuation, but also, in exceptional cases, to demand the repayment of the loan after six months' notice, and without regard to the conditions entered into as regards annuities.

4th. That in case the debtor shall subsequently apply for another loan, he binds himself to permit the inscription, for arrears of interest and costs, of the tenth part of the capital loaned, as a second hypothec, producing no interest.

5th. That he will pay all the costs and damages resulting from the non-fulfilment of his engagements. This declaration is to be inscribed on the margin of the deed of hypothec and of the register of hypothecs, in the form of an observation.

52. The redemption of a hypothecary debt shall only be effected by annuities. The debtor, however, may always free himself by voluntary payments on account, or by complete repayment. Each of the payments on account shall not be less than the amount of an annuity.

53. The ordinary amount of an annuity is fixed at one per cent. *Amortissements inférieurs* at $\frac{1}{2}$ per cent, or *supérieurs* at one per cent are the subjects of express agreements previously entered into by the borrower.

The annuities are payable half yearly, at periods fixed by the Bank.

54. Debtors who pay their annuities without interruption redeem the whole of their debt, in conformity with table 1 to 4, on payment of

4½ per cent. of the amount borrowed, in 61½ years.			
5	do	do	48 do
5½	do	do	34½ do
6	do	do	20 do

For those who are desirous of making larger yearly payments, separate calculations are made, in which the annual costs of management are entered as though the loan had been contracted for forty-three years.

But when the debtor makes payments in account, or pays off the entire debt, the costs of management to be paid by him are calculated in proportion to the annuities paid by him for the years during which he was in partial possession of the capital.

55. On the application of the debtor, the account for the gradual repayment of the debt may not only be stopped by deducting the payments already made, but the balance remaining due may be considered as a new loan.

56. In certain cases funded securities, offering an adequate guarantee, may be transferred to the Bank. In such case the Bank gives the debtor a receipt which acknowledges his right to the security upon payment of the loan for which they are deposited, at the expiration of forty-three years, provided, however, that the half-yearly interest has been regularly paid.

If the possessor or his successor offer repayment, he is allowed the annuities already paid in deduction of the capital amount due, in accordance with sec. 54. In case of irregularity in the payment, the ordinary proceedings upon funded securities are employed against the proprietor, and after the sale by auction, the purchaser enjoys all the rights and advantages of the former debtor.

57. Upon complete payment of the debt the debtor receives the obligation discharged, and upon presenting it at the registry office, he obtains the cancellation of the hypothec in the register.

58. The Bank accepts only its own discharge in proof of payment.

59. The administration of the Bank, after previous enquiry into the circumstances and the state of affairs of any proprietor who has suffered unexpected losses, may grant him a long or short delay for the payment of his annuities, and also a new loan upon such terms of payment as are suited to his case. The proprietor who desires to obtain this favor must prove his losses to the satisfaction of the Bank, within fourteen days at most after their occurrence.

60. Valuation shall be made with a due regard to all the circumstances tending to establish the real value of the property hypothecated, all the rules prescribed by law being observed, and,

1st. Ground rents shall be deducted at the rate of 4½ per cent when they are perpetual and at the rate of 5 per cent. when they are only temporary.

2nd. Buildings erected on the property shall only be included under the following circumstances:

A. When they add to the value of the property, or have a money value which can be easily realized.

B. Chateaux in the country parts, with other properties, are only to be estimated at their value as residences.

Ornamental buildings are not to be included in the valuation.

C. The total value of the buildings necessary for the agricultural or manufacturing processes is to be taken into consideration.

D. All buildings must be insured against fire.

3rd. Buildings in cities and towns must be worth at least double the amount of the loans, the production of a fixed and certain rent being authentically established.

4th. Enclosed forests are to be valued by sworn foresters, regard being had to the amount of the contributions and the permanent revenue, according to the rules of forestry and capitalizing at $3\frac{1}{2}$ per cent. the net amount ascertained.

For the valuation of other rural property, the assessed value shall serve as the basis; the proprietor, however, is at liberty to prove a higher value, and the Bank reserves the right of re-valuation, if they have reason to fear that a loan based on the assessed value exposes it to loss.

61. The administration of the Bank may also ascribe a higher value to the property hypothecated, upon conforming with the laws.

II. DISCOUNT FEES 62 TO 70.

70. Public funds are discounted by the bank at 80 per cent of their current value on change.

III. OPERATIONS ON PAPER OR MONEY.

71. The bank lends 90 per cent of their current value on change of the public securities of the country and of its own shares.

74. Loans on deposits are only granted for ninety days at furthest.

IV., V., VI. RELATIVE TO THE INDUSTRIAL OPERATIONS OF THE BANK.

VII. DISSOLUTION OF THE BANK.

81. The dissolution can only take place before the expiration of the privileges of the Bank (sec. 2), upon the requisition of three fourths of the stockholders, holding not less than three-fourths of the stock.

In such case ten members elected in the committee are added to the administration of the Bank, to proceed conjointly to the liquidation of, and also to deliberate upon and discharge all the engagements of the establishment.

82. Any modification of these statutes must, before becoming executory, be sanctioned by the government.

6th January, 1850.

STATUTES
OF THE
CREDIT FONCIER.
OF
GALLICIA.

CHAPTER I.

ORGANIZATION OF THE ESTABLISHMENT.

The institution of credit is a free association of proprietors, under the guarantee of the States of Galicia.

All properties registered as independent, and on which at least 1000 florins may be loaned by agreement in conformity with Section 36, may be admitted into the association.

The property of the State, of *communes*, and of corporations under the control of the government, are excluded from the association so long as they retain this quality. Property forming part of an undivided estate is also excluded, but several independent parcels of one and the same domain may be united to form one joint property, on which the *minimum* amount of 1000 florins may be loaned.

3. Loans may be effected at all times of the year.

4. The association may be joined in the following manner :

A. By contracting a loan.

B. By becoming proprietor of land on which a loan exists, and declaring the desire of continuing it.

If the new proprietor takes no formal proceeding after having received the *autorisation d'accession*, the latter takes place tacitly. In case he refuses within that period, he must repay the amount as provided by Sec. 19.

5. Withdrawal from the association is effected by the repayment of the debt, or by the sale of the property registered.

CHAPTER II.

OF THE "LETTRES DE GAGE."

The association effects its loans by the issue of *lettres de gage*.

7. The *lettres de gage* are public acts securing to their holder the regular payment of interest and the repayment of their nominal value, at the will of the association, six months after notice to that effect; the holders not being entitled to demand payment.

8. The *lettres de gage* shall be drawn up in conformity with the form annexed hereto. They shall only be issued of the amounts of 100, 500, 1000, 5000 and 10,000 florins, at 4 per cent. interest, payable half-yearly. They are made payable to order or to bearer, at the will of the borrower. Their repayment is governed either by *tirage au sort* or the will of the association.

9. Obligations payable to order alone require any formal transfer.

10. Obligations payable to bearer may be made payable to order; those of a large amount may be exchanged for others of smaller value, and those which have been damaged may be replaced.

11. With each obligation, twenty coupons for the half-yearly interest are delivered.

These coupons are always paid, even though the *lettres de gage* have been redeemed or repaid before they become due. On presentation of the *talon* the coupons are renewed in the tenth year, the obligations are not extinguished by repayment. If the owner of the *lettres de gage* does not bring back the coupons, the amount of the coupons in circulation is withheld from him when repayment is made. Interest may only be prescribed after thirty years.

CHAPTER III.

OBLIGATION OF THE PROPRIETOR.

12. Any proprietor who desires to contract a loan is bound to execute an obligation containing a statement of the amount of the loan, a detailed description of the property hypothecated, a statement of the payments to be made annually to the association, and an undertaking: 1st., to conform to the statutes; 2nd., to pay three per cent. in addition to the amount of the loan, to provide for the requirements of section 64; 3rd., to pay all the other costs of proceedings, &c. This obligation must be signed by the debtor and two witnesses.

13. The debt must be inscribed in the registers of hypothecs before the *lettres de gage* are issued.

14. Before the *lettres de gage* are issued, they are submitted to the Board of Supervision, who authorize their issue after indicating on each the number and total value of all those which have been issued.

16. Payment must be made into the treasury of the administration,—of A, the interest; B, the contribution to the sinking fund, the first half-yearly payment to be made in advance on receiving the *lettre de gage*; C, the costs of management.

CHAPTER IV.

OF THE REDEMPTION.

17. The redemption is effected by means of an annual payment of one per cent. of the capital of the loan.

18. The association can only enact repayment in full in the cases provided for in section 63, but the debtor is always at liberty to make payments on account or to pay off the entire loan. In the case of final payment, the whole amount which he has previously redeemed is placed to his credit, but he must pay one-half year's interest on his debt, on the occasion of each payment on account.

20. Payments on account may be made in *lettres de gage* or in money, but the interest must always be paid in specie.

21. The sinking fund, and the payments on account, are appropriated to the redemption of the *lettres de gage* designated by the *tirage au sort*.

24. All the profits of the association are added to the sinking fund.

25. The drawing of the *lettres de gage* to be redeemed, takes place twice a year: in June and in December; the numbers drawn are published in the Gazettes of Vienna and Lemberg. They are redeemed six months after the *tirage*; no more interest is allowed on them after that period, and after 30 years, if they are not presented, their value is added to the reserve fund. The association may discount *lettres de gage* repayable within six months.

27. Whenever a debtor redeems 100 florins of his debt, he may demand the radiation of that amount on the registers of hypothecs, but round sums of 100 florins only, or their multiples may be radiated, and the interest payable after each radiation always remains the same.

28. When a proprietor has repaid at least one-fourth of his debt, he may also demand that the three-fourths remaining due shall only be redeemed within the period of years stipulated for the extinction of the entire debt, to be computed from the day of the payment of the first fourth.

In the case of several loans being made on one and the same property, the payments on account of any one of these loans may not be imputed to the others.

CHAPTER V.

OF THE HYPOTHEC.

29. The association only lends the first half of the value of the property, so that taxes etc., alone rank prior to its hypothec.

30. It may, however, grant a loan on property already hypothecated, but on condition that the registered creditors yield their right of priority.

33. The association decides as to the expediency of loans on lands already hypothecated for less than one-twentieth part of their value, in cases where the privilege of first hypothec is not yielded.

35. The borrower must prove that he has paid all arrears of taxes. If the amount of taxes in arrears does not exceed one-twentieth of the value of the property, the half of that value is loaned, but the amount due is withheld in *lettres de gage*, and these being sold the arrears are paid with the proceeds.

CHAPTER VI.

RIGHTS OF THE ASSOCIATION AGAINST ITS DEBTORS.

37. The association, before the courts of justice, enjoys all the privileges appertaining to inscription *en première hypothèque*.

38. It has the right of satisfying its claims out of the real estate of the debtor in its possession, in accordance with Art. 43 of the *Code de Commerce*, and the privileges granted to the *Mont de Pitié* of Lemberg.

40. The books of the association are sufficient legal evidence against the members of the association, and even against subsequent holders of the *lettres de gage*.

41. The *Comité des États* has a right of arbitration.

43. Appeals against its decisions are made first to the Court of Appeal of Lemberg, and thence to the Supreme Court of Justice at Vienna.

43. All these tribunals may order provisional execution of their judgments, notwithstanding the appeal.

44. The director of the association has the right of choosing for the recovery of the rights, between execution *par voie administrative* or *par voie judiciaire*.

47. At the adjudication if no one will agree to the upset price, the sale takes place at the highest bid below.

48. When the officers of the association are compelled to resort to sequestration, they may reserve the whole or any part of the revenues of the immovables sequestered.

50. The proprietor is allowed 14 days within which to make opposition and defend himself against the judgment ordering the sequestration of his property.

51. Every member of the association is bound to discharge the functions of commissioner of the association in case of sequestration, or in the case of seizure of property lying within the limits of his *cercle*.

52. Out of the proceeds of a sequestration, the amount of taxes due is first reserved, then the amount due to the association, and the surplus, if any there be, is deposited with the judge.

54. Any contestation respecting the correctness of the accounts of any such course between the administration and the debtor is submitted to the decision of arbitrators.

61. In cases of insolvency of the debtor, the association is compelled to rank in its order with other creditors, but after two biddings, without a sale, the association may demand a third auction without any reserve, and to be the first paid out of the proceeds.

63. The demand for repayment of the loan by the association can only be made in the following cases :

1st. When the proprietor neglects his property to such an extent as to endanger the safety of the debt.

2nd. When within a period of two years the debtor has been thrice threatened with seizure.

3rd. When the seizure of the property is authorized for a private debt, and the proprietor neglects to pay regularly his half-yearly *rentes*.

In these three cases only the association may exact complete repayment six months after a sequestration made therefor, and after three successive advertisements in the *Gazette de Lemberg*.

The interest on the debt is payable in cash. The capital may be repaid in *lettres de gage* or in money.

64. Whenever a payment is in arrear, the debtor is bound to pay six months interest on the sum in arrears.

65. The members of the association shall also pay an extraordinary contribution to cover the cost resulting from delays of payments, the association being sometimes obliged to borrow money at a higher rate to cover the amount. Debtors, moreover, pay all the other expenses occasioned by them.

CHAPTER VII.

RIGHTS OF HOLDERS OF "LETTRES DE GAGE."

68. The association offers to its creditors as guarantee for the fulfilment of its engagements :

1st. The vigor with which they can cause execution to issue against their own debtors.

2nd. The resources placed at its disposal by the sinking fund.

3rd. The rigid punctuality with which they always exact their payments.

69. In the event of the association not fulfilling, with all desirable punctuality, its obligations to a holder of a *lettre de gage*, the latter may make application to the tribunal of Lemberg—

A. For proceedings against the association directly.

B. Or for the seizure of any one of the properties affected.

C. Or, lastly, he may apply for payment out of the property of the States, in virtue of the guarantee extended by these States.

73. A commission of enquiry appointed for that purpose is bound to make known, within three days, its opinion as to the merits of the demand by the holders of the *lettres de gage*.

CHAPTER VIII.

CAPITAL OF THE ASSOCIATION.

74. The capital at the disposal of the association is composed :

A. Of the disposable balance of the appropriation for the formation of a regiment of lancers, called The Emperor's.

B. Of the share coming to the States out of the fund voted for the erection of public commercial guarantee, a project since abandoned.

The two sums are given to the association by the States of Galicia, to meet the first cost of establishment, and for the formation of a reserve fund.

75. His Majesty the Emperor has further been pleased to permit :

A. The property and savings of towns, communes and corporations, religious establishments and other public bodies, and also the funds arising from *tutelles* and *consignations* should be invested in *lettres de gage*, always with the sanction of the parties interested, and the authorization of the competent authorities.

B. That the States of Galicia should guarantee the fulfilment of the engagements of the association, and that for this purpose they should affect all their revenues, and all debts due to them.

It is understood, however, that the debtors shall repay to the States all their advances, with interest and costs.

76. The reserve fund is further increased :

1st. By the interest accruing on the discounting of *lettres de gage* and on interest coupons.

2nd. By the interest on the half yearly rents paid in advance by the debtors.

3rd, and lastly. By all extraordinary and unforeseen receipts.

77. The reserve fund of the association is destined :

1st. To meet unforeseen advances occasioned by debtors in arrears and by losses.

2nd. To make advances to borrowers, who are victims of disaster ; no person, however, being entitled to claim such advance as a right.

3rd. To pay the costs of management, in part, or to extend to the debtors of the association equivalent advantages, so soon as the reserve fund shall have attained to an adequate amount.

In case of dissolution of the establishment, the reserve fund will be returned to the States, who will decide to what purpose of public utility it shall be appropriated.

78. All the disposable funds forming the reserve fund shall be invested in *lettres de gage*, either by advancing to the holders of *lettres de gage* three-fourths of their nominal value for periods of three months at most, or by the purchase of *lettres de gage*.

In case of necessity, the *lettres de gage* belonging to the reserve fund may be utilised either by selling them or depositing them as security for funds that may be required.

CHAPTER IX.

PRIVILEGES OF THE INSTITUT DE CREDIT.

79. His Majesty the Emperor has been graciously pleased to extend the following privileges to the association :

A. Immunity from the costs of stamps upon all documents, quittances, *lettres de gage* and their transfers, mentioned in sec. 9, but interest coupons presented by the bearers must have the regular stamp.

B. *Lettres de gage* may be negotiated on the Vienna Bourse, and quoted in its stock list.

C. The penalty for the alteration of *lettres de gage* is the same as that for the alteration of public acts and bank notes.

CHAPTER X.

DIRECTION AND ADMINISTRATION.

80.—The Credit Institution is subject to the authority of the Provincial Government. It is managed by a Board, having its place of business at Lemberg, and which represents it for all purposes.

The Board is composed of a president, four directors, a syndic, a secretary, a book-keeper, a cashier, and the necessary employees.

The president and vice-president are elected by the Provincial Diet, His Majesty reserving the right of confirming the nominations. The Diet also appoints two directors from the *Comité des États* and a sub-director.

The two other directors and sub-directors are appointed by the Diet, and the members of the association jointly from among the latter, without distinction, and whether they are or are not members of the *Comité des Etats*.

In order to this election the Diet holds a special sitting, at which all the members of the association who are not members of the diet are present. They are officially summoned.

In extraordinary cases, when the absence of the directors and sub-directors would interfere with the proceedings of the administration, the Provincial Government appoints temporary directors until the obstacle shall have disappeared.

The Board of Directors appoints the syndie, secretary, accountant, cashier and the employées in the office.

82. The president, the director, and all the other employées shall be sworn.

83. The Board is alone charged with the management of the sinking and reserve funds, and with the adoption of the most economical means for meeting the costs of management.

Every year, at the end of the months of June and December, a balance-sheet is prepared, a copy of which, in detail, is transmitted to the Commission of Management, to be laid before the next general meeting.

The directors, when the institution commences operations, are charged with the negotiation of the *lettres de gage*.

84. Before authorizing a loan, the director shall verify the value of the hypothecs.—The syndie has only a right to express an opinion at meetings of the association.

85. In case of an equal division of votes on the expediency of granting a loan, the negative prevails. The president may suspend the execution of any measure which appears to him to be contrary to the laws or statutes, and to refer the matter to the Commission of Management, who shall proceed in accordance with section 88.

86. To constitute the association, fifty proprietors must unite, engaged to effect a loan of not less than one million of florins.

87. The commission of management is composed of the *Comité des Etats*, excluding those of its members who are directors.

88. It is the duty of this commission to see to the execution of the statutes, to manage the *caisse* and issue of *lettres de gage*. It has power to suspend, until the decision of the general meeting; but it cannot compel the association either to grant or refuse loans.

90. Every modification of the statutes must be sanctioned by the Diet and approved by His Majesty the Emperor.

These modifications shall not have a retroactive effect.

91. The local affairs shall be administered by a District Committee appointed by the *Comité des Etats*. These committees are subject to the general direction. Every proprietor, a member of the association, is bound to accept any of the above mentioned offices, unless a dispensation be granted him for sufficient reason by the committee of the association.

92. A Government Commissioner will be added to the Direction and to the *Commission de surveillance* appointed by the Provincial Government. This commissioner will be present at the meetings, but will not have a vote, but entrusted with the power of suspending their proceedings whenever they act contrary to the statutes. In the District Committees there will also be a Royal Commissioner appointed by the Government of the *cercle*.

93. The decisions of the District Committees must be submitted to the General Committee.

95. The salaries of the employées will be at the discretion of the *Chancellerie Aulique*, who alone can authorise any increase to salaries exceeding 500 florins. Salaries under 500 florins are regulated by the Provincial Government.